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The  
Occult  
Review







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# OCULT REVIEW

A MONTHLY MAGAZINE DEVOTED TO THE INVESTIGATION OF ALL THE SUPER-NORMAL PHENOMENA OF THE EARTH AND THE STUDY OF PSYCHOLOGICAL PROBLEMS.

EDITED BY RALPH SHIRLEY

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JANUARY 1914

No. 1



111427

## NOTES OF THE MONTH

111427

THIS is an age of headlines, and what attracts the popular attention in any great movement, or in any great discovery, whether scientific, occult, or otherwise, is generally the dramatic side of some external phenomenon that, to the scientist, occultist, or philosopher, is among the least important aspects of the truth or discovery attained. Thus the idea of the conversion of silver into gold at once catches the popular imagination, the evocation

of spirits, or astral forms, is sure to arrest attention, while the experiment that serves to reveal an underlying law of nature which will revolutionize the science of this world or our attitude towards the next may be dismissed in a short paragraph in the world's press, even though its essential import is not overlooked in the laboratory of the specialist. The problems which confront the occultist are, many of them, only susceptible of comprehension, or indeed, of appreciation, when a certain mental or spiritual attitude has been attained. You can play with such matters in the ordinary routine of daily life, if you choose to do so, but either the results will be dis-



## THE OCCULT REVIEW

appoint unsatisfactory, and practically worthless, or alternatively you find yourself playing with the extent and direction of those powers you are unable to manage, and, accordingly, in interacting with them, you will be doing so at your own peril. "The method of the mystic boon," as the poet phrases it, cannot put him *en rapport* with the Cosmic Consciousness unless he first attunes his soul to catch "the music of the spheres"; and in order to do this all earthly cares, no less than all earthly passions and desires must be, for the time, obliterated and effaced.

Only on a windless tree  
Falls the dew, Felicity!  
One ripple on the water mars  
The magic mirror of the Stars.

The adept who advises his pupil, as Marsyas does Olympas in Mr. Crowley's poem, points out the only really possible method of attainment. There are no short cuts here, there is no crammer's text-book. The *knowledge* even of Omniscience Itself is vain. Before you can learn to achieve, you must learn to *be*. Jesus Christ said of the children who came to Him, "Of such is the kingdom of Heaven." There is only one here and there of whom it may be said, "Of such is the kingdom of Adepthood."

First must the soul be poised and fledge  
Truth's feather on mind's razor edge.  
Next let no memory, feeling, hope,  
Stain all its starless horoscope.  
Motionless, blind, and deaf and dumb,  
So may it to its kingdom come.

There is, then, in this quest, no obstacle more fatal than egoism. The essence of egoism is division and separation. The secret of the adept lies in his one-ness with the Universal Consciousness. As Marsyas says to the neophyte:—

... Cease to strive!  
Destroy this partial I, this moan  
Of a hurt beast!

and again:—

Indeed, that I that is not God  
Is but a lion in the road.

And once more:—

All thoughts are evil. Thought is two—  
The seen and the unseen. Eschew  
That supreme blasphemy, my son,  
Remembering that God is One.

This is a "hard saying," and will make appeal only to those



## NOTES OF THE MONTH

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by whom a certain spiritual condition has been attained or to whom it is at least conceivable. To interpret the activities of every-day life in terms of this kind, would be to reduce our con-

CAUTION  
TO THE  
WOULD-BE  
ADEPT.

scious, earthly life to an absurdity. To certain spiritual conditions it is, however, fully apposite; and to attempt to qualify for adepthood while failing to realize this, is to be like Ephraim of old, of whom it was said, "Ephraim feedeth on wind and followeth after the East wind." It is well to be fired by high ambitions, but it is well to remember also, before entering upon the Path, that "He that putteth his hand to the plough and turneth back, is not worthy of the Kingdom of Heaven." The ambition that is a personal one is an obstacle, and not a spur, to the true magician. And yet, how few of this world's ambitions are other than personal! The temptation of Christ in the wilderness when Satan offered Him all the kingdoms of the earth and the glory of them if He would fall down and worship Him, is a temptation that to-day confronts in one form or another many an ambitious soul, and none more than the occultist. But it is better far to choose the common path and common destiny of the sons of men than to turn your back on the world and the flesh, with their simple and natural pleasures and delights, when taken in moderation and with a healthy mind, only to fall a victim in the end to the devil of insatiate spiritual ambition. As Wolsey says in Shakespeare's *Henry VIII* :

By this sin fell the angels. How can man, then,  
The image of his Maker, hope to win by it?

Lord Lytton's novel, *Zanoni*, is in the nature of a warning to those who aspire to these heights. Clarence Glyndon represents a type for which the pursuit of such quests has a fatal fascina-

LORD  
LYTTON'S  
"ZANONI."

tion, and for those of that type, even under the most favourable circumstances, the quest is inevitably foredoomed to disaster. How far this story is pure romance, and how far it represents the deeper convictions of the novelist, is a debatable point; but it is generally held that the author, however unwilling he might have been to "give himself away" in face of the sceptical and materialistic age in which he lived, had delved into these subjects deeper than he dared admit, except under the cloak of fiction.

This book has the peculiarity, in common with another occult work by the same author, *A Strange Story*, of being written as the result of a dream, and there will doubtless be many readers of the OCCULT REVIEW who will incline to the opinion that the novelist's



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dream was something more than a suggestion of his own brain.\* It is noteworthy that Mejnour in *Zanoni* is made to employ the following words: "Man's first initiation is in *trance*. In dreams commences all human knowledge; in dreams hovers over measureless space the first faint bridge between spirit and spirit—this world and the worlds beyond!"

In view of the numerous stories current of his dabbings with magic, the full and fascinating biography of Lord Lytton,† by his grandson, will be scanned with interest by occultists for evidence of his opinions on the so-called supernatural. The evidence collected is certainly of value as tending to show the author's mental outlook, which, while it might appear credulous to his own generation, would present itself to the deeper thinkers of the present day as not devoid of open-mindedness and withal dispassionately critical enough. Thus, writing to his son of spirit manifestations, the phenomena in connection with which he had taken some pains to investigate:—

They are astounding (he says), "but the wonder is that they go so far and no farther. To judge by them, even the highest departed spirits seem to have made no visible progress—to be as uncertain and contradicting as ourselves, or more so—still with answers at times that take away one's breath with wonder. *There is no trick*, but I doubt much whether all be more than some strange clairvoyance passing from one human brain to another, or of spirits something analogous to fairies or genii. Emily‡ comes often, generally most incoherent, as when, poor thing, she died, but I asked her the last name she thought of, and she answered 'Carl Ritter.' No medium can know that, and the question was only put in thought. Shakespeare has come to me, and gave me the most thrilling advice as to the future and other predictions. Afterwards he came again and flatly contradicted himself; yet I asked him to prove that he was a good spirit sent by God by telling me the closest secret I have, and he gave it instantly!"

\* The novelist's grandson, the present Lord Lytton, states in the life of his grandfather, vol. ii., p. 32: "In 1835 his reading had included some mediæval treatises upon Astrology and the so-called Occult Sciences, and while his mind was occupied with these studies the character of Mejnour and the main outlines of the story, *Zanoni*, were inspired by a dream." A similar statement is made elsewhere with regard to the other novel. It may be mentioned that *Zanoni* first took form in an unfinished sketch contributed to the *Monthly Chronicle* in 1838 under the title of *Zicci*.

† *The Life of Edward Bulwer Lytton, First Lord Lytton*, by his grandson the Earl of Lytton. Macmillan. 2 vols, 30s.

‡ Lord Lytton's daughter, died 1848.



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The idea that the communicating entities at such séances were spirits of the air, "brownies or fairies," not spirits of the dead, had evidently taken hold of the novelist. He voices this suggestion not only in the above letter, but in other of his correspondence, and he makes Zanoni and Mejnour express the same idea.

SPIRITS  
OR ELE-  
MENTALS.

In space (says the latter) there are millions of beings not literally spiritual, for they have all, like the animals, unseen by the naked eye, certain forms of matter, though matter so delicate, air-drawn and subtle, that it is, as it were, but a film, a gauze that clothes the spirit.\*

The fact is, the characters in Lytton's novels frequently dogmatize on the same lines on which the author speculates. They dot his i's and cross his t's for him and turn his rather questioning hypotheses into statements of indubitable fact. It is true that in their certainty of conviction these characters do not fairly represent the author, but it is, I think, also clear that his grandson underestimates the extent of the novelist's occult experiences, and occult beliefs.

There are, of course, people who have taken extreme views in both directions with regard to the novelist's relationship with the Unseen; and there is no doubt that the present Earl is right in taking the line that neither side have adequate justification for the position they adopt. "Some," he says, "have thought that his magic was nothing more than author's copy, and that he employed the ideas contained in *Zanoni*, *A Strange Story*, *The Haunted and the Haunters*, and *The Coming Race*, more for the sake of giving his readers a thrill than anything else." Others have taken these books too literally, and have handed down stories of Lord Lytton's magical powers for which there is probably no warrant.

LORD  
LYTTON AND  
ROSICRU-  
CIANS.

I think, however, that we shall be justified in saying that those who took Lord Lytton seriously not only as a believer in the supernatural but as a practical occultist, have adequate justification, and it seems clear that his biographer in his singularly impartial and judicious estimate of his grandfather's character has been hampered in this matter through inability to put his hand on certain evidence and information which would clinch the fact.† In short, the material for this part of his biography is wanting. There is at least one good reason for this. As his biographer states, Lord Lytton was a member of the Society of Rosicrucians, and indeed, Grand Patron of the Order. This being a Secret Society, much that

\* *Zanoni*, book iv, chap. iv.

† The value of the evidence adduced seems also somewhat underestimated.



might have been given to the world was inevitably of set purpose held back. I have already alluded to the reluctance which the novelist showed as a prominent public character, to sacrifice the respect of his sceptical contemporaries by admitting the full extent of his beliefs. But over and above this there appear to be sources of information which would throw certain light on the point in question, to which the present Earl has not had access.

Before, however, alluding further to this, some comment is called for on Lytton's assumed acquaintance with Astrology. This appears to be based entirely on the fact that the novelist devoted considerable attention to the study of Geomancy, and drew geomantic figures or horoscopes, as they were called, of certain celebrities, by employing this kabalistic method. Among these was his celebrated one of the character and career of Benjamin Disraeli, which he cast at Wildbad in 1860. This interpretation and prophecy of the statesman's future career has already been given in the OCCULT REVIEW. Dr. Richard Garnett, late Keeper of the Books at the British Museum, who originally drew my attention to it, commented on its amazing accuracy. It is, however, stated that Lord Lytton also drew a horoscope of Disraeli's great rival, W. E. Gladstone, but no trace of this, so far as I am aware, is forthcoming. As stated, the horoscopes

in question were not really astrological but geomantic figures, and we are left in doubt as to whether Lord Lytton had any knowledge of Astrology proper. In one of his letters addressed to his son, he makes some observations with regard to "Astrology and Divination by lot"; but here the association of the term with Divination makes it clear that he is actually thinking of his geomantic horoscopes. Speaking of his occult studies, he remarks that "their interest is too absorbing for human life and true wisdom." He then continues:—

I have been looking, too, into Astrology, which subject I know not what to make of, but incline to disbelieve it. I have also examined into the old sorcery, divination by lot (sors), and have read all the works on it. It is a most complicated science, derived from lots taken apparently by chance, akin to astrology, and like astrology as yet it leaves me dubious.

Divination by lot is, of course, akin to Geomancy, but by no stretch of the imagination could it be described as akin to Astrology properly so called.

If, however, we are right in supposing that Lord Lytton had no actual knowledge of Astrology, he has at least supplied the



















# THE ROUND TABLE

A QUARTERLY REVIEW OF THE POLITICS OF  
THE BRITISH COMMONWEALTH

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## NOTE

THE ROUND TABLE is a co-operative enterprise conducted by people who dwell in all parts of the British Commonwealth, and whose aim is to publish once a quarter a comprehensive review of Imperial politics, free from the bias of local party issues. The affairs of THE ROUND TABLE in each portion of the Commonwealth are in the hands of local residents who are responsible for all articles on the politics of their own country. It is hoped that in this way THE ROUND TABLE will reflect the current opinions of all parts about Imperial problems, and at the same time present a survey of them as a whole. While no article will be published in the interest of any political party, articles may from time to time be published explaining the standpoint of particular parties or sections of opinion. In such cases, however, the character of the article will be made clear by an introductory note.

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## WHERE IS EUROPE GOING ?

### I. ANXIETY

WHILE the economic depression dominates public attention in the greater part of the world, there is also at this moment a real anxiety, among those best qualified to measure the opposing tendencies, as to the general political position. This anxiety is probably greater than at any time during the past five years. The close of the first half-decade after the entry into force of the Treaties was marked by a political *détente* which was both expressed and consolidated in the Locarno agreements. The second now ends with such disquieting signs that many, perhaps the majority, of those who are watching them most closely would incline to the view that we have rather fallen back than made an advance upon the position reached in 1925. There is indeed much to be said against the acceptance of such a verdict, but that it is widely entertained can hardly be denied. The recent Assembly of the League of Nations served, more than any previous Assembly, to effect a real contact between the minds of those responsible for the foreign policies of Europe. The discussions on minorities, on disarmament, and on economic policy, were more real and candid, and less distorted or disguised by rhetoric; the conversations in the corridors were franker and more illuminating. Together from these elements there began to crystallise a certain collective sense of the general situation which necessarily carried



## Where Is Europe Going ?

great authority, and it was undeniably disquieting. It is true that such a concentration and interchange of opinion, formed so largely in one specialised profession, needs a certain corrective. Like the atmosphere of Washington, dominated exclusively by those engaged in political life and administration, and without the sobering and sedative effect of the diversity of interests and large indifferences of a capital like London, that of Geneva may over-emphasise a single point of view, and, while accurately diagnosing certain tendencies and dangers, may exaggerate their gravity. But when all due allowance is made, no observer could fail to be impressed by the note of real anxiety. It is certainly a moment when balanced and measured opinions, and views with not too short a perspective, are necessary.

The best single comment on the situation was perhaps that made by M. Hymans. He pointed out that between the Assembly of 1929 and that of 1930 the three chief political events had been on the right side of the account, but that they had not effected the psychological *détente* which might reasonably have been expected from them. The Naval Conference settled the "parity" question between the United States of America and Great Britain, and averted the danger of a new naval competition which would have been, perhaps, a greater danger to peace than any now confronting us. The Reparation Conferences reached a settlement purporting to secure a final solution and (quite apart from the German aspect of it) removing a host of complicated and embittering disputes affecting all the belligerents in the late war. And, lastly, the Rhineland was evacuated in June, five years before the Treaty date. The success of the Naval Conference was, however, at once forgotten in its failure. It failed as regards Europe, and left the French-Italian problem aggravated and exacerbated. The reparation settlement was again largely ignored, till its very success released certain forces, hitherto repressed, which have begun to cast doubt on its finality.



## The Two Tendencies

The evacuation of the Rhineland, whatever may be its ultimate effects in appeasement, was used as an occasion to exalt nationalism, and encouraged the more dangerous sections of Germany to give freer expression to their feelings than they had hitherto felt it safe to do. Each of the two aspects of this paradoxical situation is important. The fact that opinion has so largely misread and misused these major events will not ultimately deprive them of their natural consequences, but the existence of the psychological elements which caused such a distortion remains as a dangerous factor in every dispute and difficulty that may arise.

### II. THE TWO TENDENCIES

WHAT are the causes of the sharp and almost sudden change in outlook and attitude from the comparative optimism of last year? We shall perhaps be in a better position to answer this question when we have glanced in turn at different parts of Europe, but before we do so certain general considerations should be mentioned.

In the first place there has been, in the post-war period, a marked tendency for Europe to oscillate between two opposing moods and tendencies. After each forward movement there has been a noticeable reaction, and then a slow recovery. There has been a certain ebb and flow on the top of the more permanent currents, often making it very difficult to discern the latter. The fact is that the forces and tendencies that make for pacification and the reverse are in so many countries so evenly balanced, and are so closely dependent upon movements in other countries, that a single event will often change the whole equilibrium. The more permanent tendencies may remain very little changed; and if this is so the oscillatory movement is of comparatively little importance. We have doubtless one such movement now, perhaps started by the failure on the European side of the Naval Conference.



## Where Is Europe Going

It may be, however, that a deeper current is becoming discernible. Twelve years have passed since the close of hostilities. There is always a strong reaction and revulsion after a great war, which in time has always passed. It was upon such a basis of public feeling that the League, and the constructive efforts of which that is the chief example, were founded. Is this feeling weakening? Are the foundations of peace efforts being sapped because the memories of the war are losing their horror and a new generation is even finding a romance in them? Are we tending to slip back to the old ideas, methods and practices, which meant war before and would mean it again? To the extent to which this may be true we have, of course, something which is much more serious than any oscillatory movement, because it is in its nature not only permanent but likely to increase. Probably the greater proportion of the people in nearly every country which saw the late war at all closely, whether as belligerent or neutral, are as strongly opposed to the idea of war as they were ten years ago. It may be, however, that the proportion is tending to diminish, and that the resistance of those who do not want another war to the kind of ideas and policies which would ultimately bring it is growing less. We have a warning to hasten in completing, or rather in strengthening (for that is the main necessity) the world machinery of Covenant and Pact and concerted policy designed to avert war.

Chief of all, however, among the causes of the present pessimism is one which, happily, is in a sense accidental and in its nature temporary. The whole public temper of the world has been dominated during this last year by the world economic depression. This is no place to discuss the origins of this depression,\* how far they are similar to those which have brought depressions in the past, and how far they are peculiar to the present time. It is enough

\* An article dealing with the depression in Great Britain will be found on pp. 41-58.



## The Two Tendencies

to say that the depression is not due to political factors. It is possible to imagine certain political conditions (a different China or Russia, or a political *rapprochement* facilitating freer trade) which would help the situation; but it is no change in these which accounts for the difference in the economic situation in 1929 and 1930. If, however, the causes are not political, some of the consequences are. The first effect of a depression is to create everywhere an apprehensive and defensive mood, which calls out for security and then usually translates itself into action which collectively means less security and not more. The disappointment of impoverishment brings with it a gloomier judgment of whatever is happening; and a gloomy judgment of a danger, when general enough, often aggravates the danger itself. The forces that make for the maintenance of peace are creative and constructive and need qualities of faith, hope and charity which tend to accompany prosperity more frequently than impoverishment. Unhappily the economic depression may leave some consequences more permanent than itself, for the stress of the moment is driving one country after another into commercial policies of discrimination and "unfair" assistance to inroads on other peoples' markets, which may long remain a source of friction after the original cause has gone. Lastly, the economic depression has thrown an extra and heavy strain on internal political stability. In several countries the equilibrium is precarious; it would take little more to upset it; and when this is the condition in a number of countries with close associations, a revolution in one is likely to spread quickly to others, as we have once more seen in the recent epidemic of revolutions in South America. Since internal revolutions in Europe would be likely to involve external complications, fears that such revolutions might occur have naturally increased the anxiety as to the prospects of peace.



## Where Is Europe Going ?

### III. THE COUNTRIES OF EUROPE

IT is time, however, to turn to a more particular consideration of the position in those countries on which the future of Europe chiefly depends. The surface to be covered, in any case, is so considerable as to preclude more than slight comments ; and we will, therefore, omit any reference to countries which have little direct bearing upon the anxieties immediately confronting us, however big a rôle they may play in the future.

We will begin, for obvious reasons, with Germany. It is the recent elections there which have given a sharp edge to current anxieties. The results broke upon Geneva with a real shock. Some movement to the right had been expected, but the success of the Hitler party was staggering. The shock was so sharp and sudden indeed as to diminish the value of the collective judgment of the general situation which seemed to crystallise at Geneva. Had the elections taken place a little earlier it would have been easier to place them in a true relation to other facts. Now that a little time has passed, several things which tend to mitigate the first anxiety have become fairly evident. The support to Hitler came overwhelmingly not from veterans inflamed by the past but from the young men concerned with their future ; it used material, found an expression, and will have consequences, that touch upon external relations, but essentially it is economic in origin and internal in character. In the second place, the danger of revolution, with consequences that would hardly be limited to Germany, though not over, is sensibly less than at first. Germany is a country which has not only strong explosive forces within it but also very strong forces which make for order and stability. Her history since the armistice, indeed, is so far a miracle in representative government ; in spite of defeat in a destructive war, a



## The Countries of Europe

revolution, an entirely new democratic constitution (based on a particularly difficult electoral system), the country has been governed, on the whole, wisely and moderately, and has long maintained in the office of Foreign Minister men as conciliatory as Stresemann and Curtius. The stresses and strains of Germany's experience were bound sooner or later to result in a serious internal political crisis. This was artificially retarded, so long as there was an obvious necessity to maintain a united front against other countries in the reparation and other negotiations, and while the foreign soldier was still on German soil. Now that this retarding force has been removed it has been further accelerated and exacerbated by the economic depression. Germany now begins for the first time since the war to feel herself able to indulge in some of the luxuries of political life which would have been too dangerous before. In this sense, a very limited and provisional sense, there is some truth in the contention by French critics of M. Briand that the evacuation of the Rhineland this year, so far from appeasing, has aggravated the political position. This may also be the explanation of the tragic misuse of the occasion of June 30. Had Stresemann lived he might perhaps on that day have said two things which Germany much needed to hear. The first: "this is the irrefutable proof of the wisdom of a policy of conciliation; what other policy could conceivably have freed German soil five years before the Treaty date?" The second: "this is the close of a chapter; now let us live as neighbours with our neighbours." No such word was said by any German leader, or has since been said. The occasion was used, throughout Germany, to celebrate not pacification, but a new outburst of nationalism.

The consequent disillusion and reaction in other countries are intelligible, and were indeed inevitable. But the only too natural conclusion that perhaps the early evacuation was a mistake would be a profound error. The occupation was like a weight holding down explosive forces which



## Where Is Europe Going ?

increased during the process, and were bound some time to be released. The danger attendant upon Germany's conscious re-entry into full and free manhood, and equality among the great nations, would have been greater had that re-entry been longer retarded. Whether with or without revolution, Germany will work out her new political equilibrium and will discover what is to be the dominant association of forces in guiding her policy. What that policy will be in external affairs we cannot, of course, forecast, but it must largely depend on the way other countries react towards their present anxieties, whether they move resolutely along the path of pacification or turn back from it—and for Germany the Disarmament Conference will be the criterion.

This is, however, not a reflection which can be expected to commend itself to French public opinion. The effect of the German elections in France was immediately visible, and it may in the end even prove to be more serious than the direct effect in Germany itself. French policy is at once exceptionably immovable beyond certain limits and easily changeable within them. The answer to the old question whether post-war France is militaristic is simple. If it means that she has militaristic and aggressive ambitions the answer is certainly no. If it means that she faces a possible military danger in terms of a military preparation, the answer is certainly yes. The idea of diminishing the danger by a political penetration, by adopting a policy so conciliatory as to make it less likely that an aggressive policy in the potentially enemy country would secure sufficient internal support, is a difficult conception for a French mind. The Anglo-Saxon, with some traditional safeguard in an intervening sea, and with a long experience of varied Colonial and Dominion problems, such as that of South Africa, finds it easier. M. Briand has, indeed, consistently preached the political value of conciliation for many years, but to France as a whole it is a supplement not a substitute for adequate military arrangements.



## The Countries of Europe

Against any probable opposing strength she wants to see a sufficient superiority of forces on which she can rely herself. These cannot be her own alone. She must then, she thinks, have allies. Or, if she could be sufficiently sure of the League system working and wielding adequate strength in time of need, that might do instead; but for that the sure prospect of material forces is essential; no promise of moral support will deflect her policy. The points within which French policy moves are thus reliance upon effective League support plus conciliation on the one hand, and reliance upon alliances on the other. At different times and in response to different external events one or the other becomes the dominant aspect of her policy. The forces behind each are not unequal, and it does not require a great deal to shift the centre of gravity. But the shift is not always complete. A narrow vote on reparation, following the first Hague Conference of 1929, with its special tactics and temper, resulted in the fall of M. Briand, who represents the one aspect, and his replacement by M. Tardieu who, on the whole, reflects the other. But the change was not so violent as to prevent M. Briand from remaining as Foreign Minister. The German elections have weakened his position and must modify his tone. The chief danger of the near future is perhaps that it will harden France's attitude in the preparations for the Disarmament Conference. Ultimately one of the main forces that should operate to secure reduction of armaments is the prospect that, in the absence of a general agreement, Germany is unlikely to remain indefinitely bound by the present restrictions. But the first ominous warning of this prospect has, for very intelligible reasons, an opposite effect.

In Italy the position is somewhat obscure, as it must be under such a centralised and censored system. No one can say with certainty what is the economic condition, the real public attitude to the regime, Mussolini's health or future policy, or what would happen if he went. Quite apart



## Where Is Europe Going ?

from the particular case, it is evident that the peace of the world must always be somewhat precarious if the policy of a great country, on the greatest issues, can be determined by the judgment, or the caprice, of a single person, who is subject to all the accidents of mortal nature. Apart, however, from this general overhanging interrogative, there is one apparent development in Italian policy which deserves comment. Italy has, on the whole, been a reluctant adherent to the new peace system, hesitating between the desire to be free of new restrictions on her future expansion, and an equally strong desire to avoid isolation. This is the clue to her attitude to the League of Nations ; to the Locarno agreements which she obstructed until it was certain that they would be concluded, and then signed ; and to the Kellogg Pact, which she scoffed at while its fate was in the balance, and then equally accepted. But during the last year or so she has fully realised—more perhaps than any other country—that the importance of a country's armaments depends entirely upon their *relative* strength in comparison with others ; and she sees that she might hope to get by negotiation a better ratio than her financial resources would enable her to secure by competitive expenditure. She is, therefore, working simultaneously for a ratio satisfactory to herself, and for a genuinely strict limitation on the basis of that ratio. This policy is understood, of course, in France, and the acceptance of the ratio asked for is not thereby made easier.

The relations of Italy with Jugo-Slavia are still not free from danger, but they have been less evident recently, partly perhaps because the present regime makes it less likely that casual incidents will slip through to publicity, and partly because the intense internal strain between Serbs and Croats turns attention rather to possibilities of revolution than of external trouble. But a military and autocratic regime, with military expenditure which is a very heavy burden on the country, especially in time of depression, and an indignant if suppressed Croat popula-



## Railway Policy

and they cite very damaging facts and figures for the Gisborne-Napier connection. Yet the Government goes on drifting.

What the Government and the House must realise is that the settlement of this question of construction is the basis of railway reform. It would be useless to take management out of political control and leave construction there, for the new administration would be required to operate a concern without having any voice in making additions to capital cost and to services. What on earth is the use of economising in operating costs if fresh interest charges are piled up by the construction of uneconomical lines? The first thing the Government must do is to decide what is to become of these lines. Then it must fulfil its promise to co-ordinate the forms of transport. The Minister of Railways said yesterday that improvement of railway finances was bound up with the concentration of transport administration in one department. Be that as it may, it is obvious that there is need for reduction in the waste caused by competition between railway and motor. The Government, however, has allowed another session to pass without grappling seriously with the question. Moreover, while it delays, it goes on building railways and roads competing with those railways, thereby adding to the complexities of the problem. The sad fact is that the country is still without not only a railway policy, but a transport policy.

The Reform party has been considering its own future railway policy and the leader of the Opposition, before either of these reports was submitted to Parliament, announced that his party would advocate (1) control by an independent board free from political interference, and (2) no further construction of railways which cannot be shown to pay when completed.

While, then, the Government has no definite policy with regard to control or fresh construction, new railways are being made which can only result in an annual loss to the country of £737,000, and under political control the lines in actual use to-day are losing £1,300,000 a year, though the Minister of Railways has adopted some of the economies proposed by the Commission set up to consider this question.

The figures for the April-September half-year do not make cheerful reading. The one redeeming feature is that expenditure is being reduced and a saving amounting to



## New Zealand

approximately £12,000 a month has been effected. On the other hand, revenue has fallen by about £28,000 a month. It is possible that the view of the Minister of Railways that political management will produce just as good results as could be expected from a non-political board will be to some extent modified when the results of the year's working are available. If he cares to take the public into his confidence, he should then be able to point to cases where, but for political considerations, economies could have been effected, or an advantageous policy carried out. The press on November 13 published a statement by the Minister announcing a revision of passenger and freight fares, partly under a scheme adopted by his department before the Royal Commission reported, and partly by way of giving effect to its recommendations. He estimated that an increase in annual revenue of about £202,267 would accrue as a result of increased charges already made, and that the adoption of the other proposals would mean an additional income of about £193,000. The increased charges affect *inter alia* the carriage of coal and artificial manures. The increase in the coal charges is roughly expected to produce an additional £65,000 a year, and that on artificial manures an additional £91,000. In his statement the Minister said :

It will be seen that it will be possible to reorganise the Railway Department and to do the things that are necessary to strengthen its finances under a system of Ministerial control. I can see no reason why the Minister who has the responsibility of control over the people's money should not face the task of doing these things. This is in keeping with the present Government's policy in regard to all this administrative responsibility.

In the same issue of the *Dominion* in which the Minister's review appeared there was published an address to railway men on the railway system of New Zealand, by Professor B. E. Murphy (Professor of Economics at the Victoria University, Wellington). Amongst other reforms Professor Murphy advocated that the railways should be divorced from electoral bribery and that the management



## The Public Debt

should be, not by a Minister, but by a general manager or a board. Experience, according to the Professor, shows that none of the political parties is competent to control the railways, and that railway construction should be removed from political control.

Not long after his declaration the Minister found it necessary, under pressure, considerably to modify his proposal to increase the charges on artificial manures. He is entitled to credit for slowing down the retrograde movement in railway finance. But, although at the end of November he was able to claim a saving of £150,000 in three months, revenue unfortunately also declined in the same period, and by a still larger amount—£170,000. Thus, with more than half the year gone, the railway department had only £169,000 in hand to set against an annual interest bill of £2,130,000. Although outside opinion, for instance, that of Sir Otto Niemeyer and Lord Barnby, as well as Professor Murphy's, advocate non-political management, it is obvious that the capital invested in railways will have to be drastically written down before the railways can, as a business concern, show a revenue approaching the amount of the expenditure.

### V. THE PUBLIC DEBT

NEW ZEALAND'S borrowings in the first half of the current year\* totalled £10,709,046. The objects for which they were made are shown in the following list:

	£		£
Public Works (general purposes) ..	5,703,948	Education Loans ..	485,000
State Advances Loans	1,498,212	State Forests ..	285,000
Railways Improvement Authorisation .. ..	1,139,965	Land for Settlement	122,380
Electric Supply ..	802,566	Native Land Settlement .. ..	117,000
Main Highways Construction .. ..	549,975	Waihou and Ohinemuri Rivers Improvement ..	5,000

\* See the gazetted accounts for the September quarter.



## New Zealand

Taking into account redemptions amounting to £1,477,672 the net increase in the public debt during the six months ending September 30 was £9,231,374. Part of the borrowed money will earn its interest and thus will impose no extra burden on the taxpayer ; but this cannot be said of a large part, perhaps the major part, and to that extent there is a reason for the concern with which the heavy increase in public indebtedness is viewed. Public anxiety is increased by the publication of the Consolidated Revenue returns for the six months ending September 30. These returns show that the revenue this year for the period mentioned is less by £1,111,467 than it was for the same period in the previous year, and that the expenditure for the same six months was £12,237,467 or £391,167 more than for the same period in 1929-30. The details, indeed, of the public revenue published by the *New Zealand Gazette* early in November show a sharp decline in the revenue of the Dominion. Ordinary revenue dropped from £10,004,353 to £8,870,618, the falling off being chiefly in customs taxation, beer duty, land tax and income tax, interest on public money, and interest (£1,090,000) on the railway capital liability. These decreases were, however, to some extent counter-balanced by increased returns from duties and licences on motor vehicles, stamp and death duties, interest on the capital liability of the Post and Telegraph department, and miscellaneous details amounting to £51,059. Departmental receipts showed an improvement of £23,375. Expenditure under annual appropriations totalled £4,125,843, being £53,825 less than what was spent under the same category for the first half of last year ; but expenditure on naval defence was reduced by £61,803, on the Defence department by £34,630, on the Agricultural department by £22,321, and on the department of Tourist and Health Resorts by £20,496, a total reduction for the four departments of nearly £140,000. Most of the other departments, however, show a substantially increased cost. The figures quoted, at all events, afford reasonable grounds



## Defence

for government anxiety as to whether the public accounts will balance at the end of the financial year in March.

### VI. DEFENCE

THE economic axe has fallen most heavily on defence. The Government has gone far beyond what it represented to Parliament, *i.e.*, that it was proposed merely to suspend compulsory training for twelve months, rather than to abolish it altogether, so that there would be an opportunity of seeing what was the effect of the suspension. By a gradual process of cutting down, New Zealand's defence system has been demolished to such an extent that little now remains except a few officers at Headquarters and the secondary school cadets. Air training is practically suspended. Refresher courses, which are an integral part of the system, have for the time being been abandoned. Training camps for other arms have been given up. The work of destruction has indeed gone so far that it will be both expensive and difficult to restore the system when required, and no substitute has been set up. The Government has not given a chance to the volunteer system which it proposed as an alternative to compulsory training. That system has been condemned to failure, and at the same time a return to compulsory training has been rendered for the time being impossible by the loss of the nucleus of territorial officers and non-commissioned officers, which could not be preserved after the abolition of training camps. And New Zealand's defence policy has been abandoned without any public demand. If the people are apathetic on the question, it can only be because they are immersed in their own economic troubles. Nobody knows what message, if any, Mr. Forbes carried to the Imperial Conference with regard to New Zealand's defence policy. It will be interesting to know whether he informed



## New Zealand

the Conference that New Zealand was practically jettisoning her land and air defences. Yet, needless to say, there is a large section of the public which regards the giving up of our defence policy with the utmost concern, and is highly incensed at what it considers an unauthorised abandonment of the territorial system. Whether what now appears to this section of the public as a tragedy will later be regarded by the majority as a dereliction of duty on the part of the Government towards the Empire, and a breach of trust towards the country, remains to be seen ; but the National Defence League is strenuously endeavouring to rouse the public to a sense of what it considers to be a grave national danger.

New Zealand.

December 23, 1930.



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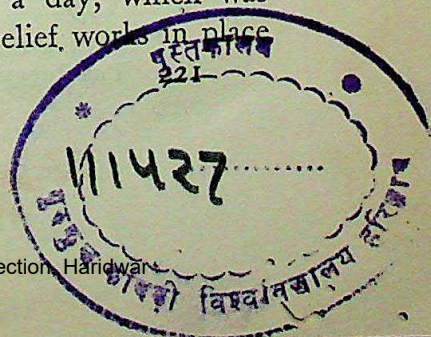
## Domestic Politics

than a pound for pound subsidy will evidently be needed. What thus appears to be a residuary liability on the Consolidated Fund marks a very dangerous departure from the Unemployment Committee's proposal to limit that fund's liability strictly to one-third of the board's total expenditure.

The Opposition's objection to the sustenance provision, that it is as bad as the "dole" or even worse, is met to some extent by the very feature which Labour condemns. The universality of the 30s. levy is intended to impress the contributors with a sense of responsibility which would be lacking if sustenance were drawn as of right from the Consolidated Fund, to which most of the recipients would have made no direct contribution at all. But this provision does not deprive the Unemployment Bill of the character of a great and risky experiment, which must depend for its success almost entirely upon the quality of the administration. The Government, and especially Mr. S. G. Smith, the Minister of Labour, are entitled to great credit for the courage with which they have faced the position and dared the wrath of the Labour party in their endeavour to provide a more businesslike substitute for the slipshod and hand-to-mouth procedure which has hitherto prevailed. It will now be for the Unemployment Board, of which the Minister (in violation of the Committee's unanimous recommendation that it should be non-political) will be *ex officio* Chairman, to determine whether it will confirm the priority which the Bill gives to its remedial functions of arranging with the employers for the employment of the unemployed and promoting the growth of our primary and secondary industries, or whether it will become a Dominion-wide charitable aid board and allow sustenance to degenerate into a dole.

At the very outset the board will be confronted with a problem which the Government has not yet dared to face, viz.; whether the award rate of 14s. a day, which was applied by the Ward Government to relief works in place

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## New Zealand

of the 9s. for single men and 12s. for married men previously paid, can possibly be maintained, or whether a reasonable attempt will be made to ensure that these workers, like others, shall give value for their money. On one side the Alliance of Labour, which, though by no means so comprehensive as its title suggests, includes nevertheless some of the largest and most militant of the unions, denounces the Unemployment Bill as providing for "the conscription of labour at scab wage rates"\* and threatens through a deputation to the Prime Minister "to ask our members not to assist in carrying it out"†. On the other side are the still more unpleasant facts that the number of registered unemployed which averaged 2,975 in 1929 was 6,099 in the last week of September, 1930; that the expenditure of the Government on relief works increased from £802,710 in 1928-29 to £1,415,592 in 1929-30; and that neither locally nor externally does the economic outlook show any sign of improvement.

### (c) Defence

The blow which the Government was reported by us last September‡ to be preparing against our Territorial system was delivered in three instalments. Replying to a question in the House of Representatives on July 16, Mr. J. G. Cobbe, Minister of Defence, admitted that the compulsory military training, except in the case of junior school cadets, had been temporarily suspended, but declined to take the House any further into his confidence. On July 24 Mr. Forbes introduced his budget, which showed that the military defence vote was to be reduced by about £180,000, or 40 per cent., but concealed the most startling change in our defence policy since the war in two incredibly inadequate sentences:—

In the case of defence, the amount allowed, £275,000, will mean a general suspension of the compulsory military training and some

\* *New Zealand Worker*, September 10.

† *The Evening Post*, August 26.

‡ See THE ROUND TABLE, No. 80, September 1930, p. 911.



## Domestic Politics

reduction in the staff personnel. The dispensing with the service of members of the staff is much regretted, especially in view of the unemployment difficulties, but if there is to be a suspension of operations the work will not be there for them to do.

The attitude of the Government was fully revealed when on August 15 the Minister of Defence moved the second reading of the Defence (Temporary) Amendment Bill. This Bill proposed to suspend the compulsory provisions of the Defence Act of 1909, contemplating a system of volunteers instead.

Other provisions limited the duration of the measure to one year. The three reasons given by the Minister for the Bill were, first, the altered public sentiment in respect of military training and military forces ; secondly, the large number of trained men already available ; and, thirdly and chiefly, the pressing necessity for national economy. He showed that the total cost of the Defence services was about £1,000,000 ; that, including the estimates for the naval and air forces, there would be a total saving exceeding £291,000 on the average expenditure of the last five years ; and that nobody could justify "an annual expenditure amounting to more than £1,000,000 on what we call 'defence,' but which is really a system for the training and equipment of a military force for active service should certain conditions arise which, we hope, never will." This astonishing distinction between "what we call 'defence'" and what is apparently the really aggressive intent of our preparations for service abroad is a novelty in the mouth of a New Zealand Minister of Defence. Mr. Cobbe did not shrink from the full pacifist conclusion when he said : "It is difficult to understand the logic of those who argue that preparedness for war promotes peace." Mr. Downie Stewart's just comment on an argument "which rendered the whole of the Territorial force unnecessary," was that "no man should hold the position of Minister of Defence if that is his view." Such a man had certainly no right to hold that position in the Cabinet of a party which pledged



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itself at the last general election to the "maintenance of the Territorial system."

For the Minister to use the old fallacy that if you prepared for war you would get war (said Mr. Stewart), and that was why he was dispensing with the defence system—at all events for twelve months—seemed to be an extraordinary attitude for a Minister of Defence. If the British Navy were regarded as a cause of war, where should we be? The British Navy has stopped one hundred wars for every one it has taken part in.

It is indeed the perfect confidence of the Dominions in the ability of the Navy to continue its rôle of preventing wars that deprives them of the incentive to provide for their own defence, which complete independence would supply. The same confidence enables our pacifists to indulge their weakness for beautiful gestures with a sense of perfect security. Even Labour's sense of comradeship appears unable to see that an evasion of our own responsibilities which at the same time increases the grossly disproportionate share of the common burden already borne by the taxpayers of Great Britain is not a noble idealism, but a detestable meanness. It is but fair to say that Mr. W. A. Veitch, Minister of Railways, the only other speaker on behalf of the Government, did not imitate the parochialism and pacifism of his colleague, but recognised in defence a duty which we owe just as much to the Empire as to ourselves. His advocacy of the Bill was, however, ruined by the impossible contention that its object is "to test out the principle of volunteering." Neither the Minister of Defence nor any of his colleagues has submitted any scheme of volunteering or evinced any ambition to provide one. The Minister has left the needs of the next twelve months unprovided for and has declined to say what was to happen afterwards.

In the House, the Defence Bill was put through all its stages on August 15. The only division was carried by the Government, with the help of Labour, by 32 votes to 17. But on August 22 the Legislative Council rejected the



## The Imperial Conference

Bill, carrying, by 17 votes to 9, Sir James Allen's motion that it be read a second time on that day six months. The rejection of the Bill does not, however, restore the training camps, over which the Government has complete control under the Act of 1909. When the defence estimates were before the House on September 30, both the Opposition and the Labour party tried to ascertain the intentions of the Government regarding men who were still anxious to continue their training, but they had little success. The Minister of Defence said :—

That under the law as it stood at present there was nothing to hinder anybody from training, but they could not go into camp. No allocation had been made for expenses, although it might be possible for the Department to make advances of uniforms, rifles, ammunition and so on.

But a more definite statement was promised before the end of the session.

## II. THE IMPERIAL CONFERENCE

ON August 11 the Prime Minister, who in his treatment of the question of military defence seemed to have entirely overlooked the fact that it was essentially an Imperial problem, made a much better impression by his carefully prepared statement on the agenda of the Imperial Conference. Just as Mr. Coates had stated four years ago that New Zealand had "no carping criticism" to bring before the Conference, so Mr. Forbes affirmed the Dominion's full satisfaction with the present position.

I wish (he said) to make it plain at the outset that the present Government share in no less measure than previous Governments the traditional attitude of New Zealand towards the United Kingdom. We value very highly our continued association with the Mother Country, and it is our wish to maintain this association as close and as intimate as possible, both politically and economically. We have no complaints and no demands, and we shall enter this Conference as the representatives of New Zealand have entered



## New Zealand

previous Conferences, with the utmost spirit of goodwill to the Mother Country and to our sister Dominions, and with an earnest desire to bear our share in any measure that will serve the common welfare. . . . We have not in any way been embarrassed by the terms of our association with His Majesty's Government in the United Kingdom nor have we been restricted in the control of our affairs.

And just as Mr. Coates had concurred in the Dominion status resolutions in 1926, though New Zealand would have much preferred to leave well alone, so his successor proposed, perhaps a little too hastily, to accept the recommendations of the Experts' Conference of 1929 as undesired but inevitable corollaries of those resolutions.

Whether we may approve of them or disapprove of them (said Mr. Forbes), we are forced to the conclusion that they flow naturally from the decisions of the 1926 Conference, and that we could not now, if we wished, alter the position that has developed. If at the forthcoming Conference, therefore, it should appear—and I have little doubt that it will appear—that the recommendations of the report meet with the common acceptance of His Majesty's and other Governments, then New Zealand will not dissent.

But Mr. Forbes made it perfectly clear that acquiescence in the adoption of the recommendations for the sake of peace did not mean exploiting them to the full when adopted.

Indeed, in one respect (he said) the New Zealand Government are definitely averse from carrying into effect the full implications of the report. We do not wish to make any alteration in the present powers in regard to New Zealand legislation that would adversely affect the very high standing of New Zealand credit on the London market, and whatever the event we shall carefully safeguard the position in this respect.

On foreign policy the Prime Minister had nothing to say, and on naval policy very little. He recognised that "our safety, of course, depends very largely, if not entirely, upon the British Navy," but followed this statement up by a still stronger one recognising our dependence, with a strange resumption of the parochial standpoint.



## The Imperial Conference

Our prosperity in New Zealand, and indeed our safety, depend almost entirely on the prosperity and the safety of the United Kingdom, and it is unfortunately a fact that the United Kingdom is not able to adopt the detached attitude with regard to international affairs that our more fortunate position enables us to take.

But on one important point in which a falling off had been feared the Prime Minister stuck to the policy of his late chief and the Reform party leaders. The apprehension that the same combination of the need for economy and pressure from the Labour party which had paralysed our military defence might strike at our contribution to the Singapore base, was decisively dismissed.

The Government, and I think the people of New Zealand (said Mr. Forbes) have been impressed with the necessity for a base in the Pacific from which the British fleet could operate should the occasion unhappily arise. We have shown the importance that we attach to this question by a substantial annual contribution towards the cost of the base of £125,000 per annum, with a maximum of £1,000,000, and we have in no wise altered our opinion in that respect.

The outstanding feature of the debate that followed was the strong protest made by Mr. Coates, the leader of the Opposition, against the acceptance of the recommendations made by the Committee of Experts in regard to shipping and extra-territorial rights. His contention was that the Committee had overlooked the distinction drawn by the Balfour Report between equality of status and equality of function, and treated as determined by the Imperial Conference of 1926 a point which it had purposely left open, and he spoke with the authority of a member of that Conference.

Whereas we—that is, the Imperial Conference (said Mr. Coates)—directed them to examine and propose the limits which unity of Empire demanded should be set to make the doctrine of “equality of status” workable, they have told us that the “equality” doctrine is, as they understand, the overruling principle, and, therefore, no limitations should be imposed. That was not the object of referring these important questions to the Committee of Experts; it was for



## New Zealand

them to state the limitations that were necessary in order that we might avoid conflict. We asked them to make the doctrine of "equality" workable by limitation, and they have now reported in the document I have before me to the effect that having laid down the doctrine of "equal status" there must be no limitation of that status—that is, they say that "equality of status" does not mean limitation, it does not mean investigating, it does not mean setting down how far this Dominion or that Dominion can move in the direction of legislation and to what extent it should go; they simply recommend the repeal of the Colonial Laws Validity Act. . . .

The matter of limitation was not decided by the Conference of 1926; it is still open. As limitation was not decided at that Conference, the Experts' Report will be before the Conference of 1930, and it is for that Conference to say whether or not the Committee of Experts should be asked to reconsider what dangers lie in the repeal of the Colonial Laws Validity Act, and what result will follow the repeal of that Act.

It is consoling to know that there were some lengths to which even the Imperial Conference of 1926 was not prepared to go in its apparent anxiety to get rid of everything which might be mistaken for a bond or a link of Empire, and that the Committee of Experts was in error in assuming that the Conference desired the repeal of the Colonial Laws Validity Act. To give every Dominion unlimited power of extra-territorial legislation over its own citizens and all other British subjects in all parts of the world, including Britain and the other Dominions, would plainly be absurd and might easily be dangerous. Mr. Forbes desires no such powers for New Zealand, and he would doubtless be glad to press for a correction of the unfortunate conclusion to which the experts have apparently been led by a misunderstanding of their instructions.

New Zealand.

October 7, 1930.



# THE IMPERIAL CONFERENCE

## ABSTRACT OF OFFICIAL SUMMARY

(Partly based on the abstract in *The Times of November 15*)

### I. CONSTITUTIONAL AND POLITICAL MATTERS

#### INTER-IMPERIAL RELATIONS\*

The Conference on the Operation of Dominion Legislation in 1929, whose report was approved subject to the Imperial Conference's own conclusions, recommended a draft clause for inclusion in the Statute proposed to be passed by the Imperial Parliament. At the present Conference this draft clause was adopted, with the addition of certain words. The clause reads as follows, the added words appear in italics :

"No Act of Parliament of the United Kingdom passed after the commencement of this Act shall extend, or be deemed to extend, to a Dominion *as part of the law in force in that Dominion*, unless it is expressly declared in that Act that that Dominion has requested, and consented to, the enactment thereof."

The Delegates from some of the Dominions were apprehensive lest the acceptance of this amendment might imply the recognition of a right of the Parliament of the United Kingdom to legislate in relation to a Dominion (otherwise than at the request and with the consent of the Dominion) in a manner which, if the legislation had been enacted in relation to a foreign State, would be inconsistent with the principles of international comity. It was agreed that the clause as amended did not imply, and was not to be construed as implying, the recognition of any such right. The Conference agreed and recommended that December 1, 1931, should be the date as from which the proposed Statute should become operative.

Below are some of the clauses recommended in the proposed legislation :—

"The Parliament of a Dominion has full power to make laws having extra-territorial operation.

"The Colonial Laws Validity Act, 1865, shall not apply to any law made after the commencement of this Act by the Parliament of a Dominion.

"No law and no provision of any law made after the commencement of this Act by the Parliament of a Dominion shall be void or inoperative on the ground that it is repugnant to the law of England, or to the provisions of any existing or future Act of Parliament of the United Kingdom, or to any order, rule or regulation made under any such Act, and the powers of the Parliament of a Dominion shall include the power to repeal or amend any such Act, order, rule or regulation, in so far as the same is part of the law of the Dominion."

Then follow clauses to prevent future Acts of Parliament of the United Kingdom extending to a Dominion as part of its law without its previous consent; to prevent power being given to alter the constitution of Au-

\* The Committee which dealt with this subject was presided over by Lord Sankey, the Lord Chancellor.



## The Imperial Conference

stralia or New Zealand otherwise than in accordance with the existing law, or any encroachment on State rights in Australia; (a clause to meet certain objections from the Canadian provinces will be drafted later when their representations have been considered); to alter the Merchant Shipping and Admiralty Acts in accordance with the recommendations of the Dominion Legislation Conference; and to prevent the new Act extending to New Zealand until its Parliament adopts it.

In accordance with the above and other recommendations the following recital was agreed upon :—

“ And whereas it is meet and proper to set out by way of preamble to this Act, that inasmuch as the Crown is the symbol of the free association of the Members of the British Commonwealth of Nations, and as they are united by a common allegiance to the Crown, it would be in accord with the established constitutional position of all the Members of the Commonwealth in relation to one another that any alteration in the law touching the Succession to the Throne or the Royal Style and Titles shall hereafter require the assent as well of the Parliaments of all the Dominions as of the Parliament of the United Kingdom.”

Further conclusions follow affirming paragraphs 73 to 78 inclusive of the Dominion Legislation Conference on nationality (to maintain the common status.) As regards the nationality of married women, unanimous agreement being out of the question, no recommendation was made for the substantive amendment of the law, but as all the members of the Commonwealth represented at the Hague Conference signed the Nationality Convention, they will presumably introduce legislation to give effect to it.

### COMMONWEALTH TRIBUNAL

Different methods for providing machinery for the solution of disputes which may arise between members of the British Commonwealth were explored, and it was agreed, in order to avoid too much rigidity, not to recommend the constitution of a permanent court, but to seek a solution along the lines of *ad hoc* arbitration proceedings. The Conference thought that this method might be more fruitful than any other in securing the confidence of the Commonwealth.

It was decided to recommend the adoption of a voluntary system, and that the Tribunal should be constituted *ad hoc* in the case of each dispute to be settled, and should consist of five members, two appointed by each of the disputants, and the chairman.\*

Then follow the adopted recommendations of the Dominion Legislation Conference on merchant shipping legislation (to promote concerted action). A draft agreement circulated from the United Kingdom was approved.

### POSITION OF GOVERNORS-GENERAL

The Conference came to the conclusion that the following statements in regard to the appointment of Governors-General would seem to flow naturally from their new position as representatives of the King only :—

“ The parties interested in the appointment of a Governor-General of a

\* The Dominions, except the Irish Free State, when they signed the Optional Clause (the World Court), made a reservation of disputes between any of the units of the British Commonwealth.



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Dominion are his Majesty the King, whose representative he is, and the Dominion concerned.

"The constitutional practice that his Majesty acts on the advice of responsible Ministers applies also in this instance.

"The Ministers who tender and are responsible for such advice are his Majesty's Ministers in the Dominion concerned.

"The Ministers concerned tender their formal advice after informal consultation with his Majesty.

"The channel of communication between his Majesty and the Government of any Dominion is a matter solely concerning his Majesty and such Government. His Majesty's Government in the United Kingdom have expressed their willingness to continue to act in relation to any of his Majesty's Governments in any manner in which that Government may desire.

"The manner in which the instrument containing the Governor-General's appointment should reflect the principles set forth above is a matter in regard to which his Majesty is advised by his Ministers in the Dominion concerned."

### STATUS OF HIGH COMMISSIONERS

On this question the Imperial Government intimated that they were prepared to recommend that the Dominion High Commissioners should on all ceremonial occasions (other than those when Ministers of the Crown from the respective Dominions were present) rank immediately after Secretaries of State.

### COMMUNICATION AND CONSULTATION IN RELATION TO FOREIGN AFFAIRS.

Former Imperial Conferences had already agreed (1) that any of H.M. Governments should inform the rest when engaged in any negotiations that might interest them, so as to give them an opportunity of giving their views; (2) that any such Government should express its views promptly; (3) that no such Government should take steps involving the others in any active obligation without their definite assent. The Conference strongly endorsed these decisions and emphasised the special need (i) of informing the other Governments of treaty negotiations; (ii) of promptness in forwarding views. Otherwise, the negotiating Government may assume that there is no objection.

### COMMUNICATION BETWEEN DOMINION GOVERNMENTS AND FOREIGN GOVERNMENTS

Dominion Governments are to be allowed to communicate direct with British Ambassadors or Ministers on matters of general and political concern, where there is no Dominion diplomatic agent. The Ambassador should, however, wait for a wire from the Foreign Office. In other matters, including commercial transactions, direct communication is advised between Dominion Governments and H.M. Ambassadors and Ministers, though Dominion Governments may use other appropriate channels of communication if they prefer them.

### ARBITRATION AND DISARMAMENT

(a) *Formal Measures for the Preservation of Peace.*

India and all the Dominions except South Africa will recommend accession



## The Imperial Conference

to the General Act for the Pacific Settlement of International Disputes\* on the same conditions as to the Optional Clause (great importance was attached by some Dominions to matters such as immigration, within their domestic jurisdiction). South Africa asked for more time to study the General Act. The proposals to bring the Pact of Paris and the Covenant of the League into line,† and the amendments to the Covenant drafted by the sub-committee of the first Committee at the Eleventh Assembly, were approved, the amendments in both cases to be subject to the coming into force of a general reduction and limitation of armaments treaty.‡

### (b) *Measures for Reduction and Limitation of Armaments.*

The Conference emphasised the need for general disarmament, and the early convocation of the General Disarmament Conference. It approved of the principles underlying the draft convention drawn up by the Preparatory Commission.

### THE ANTARCTIC

International action to restrict whaling was considered necessary.

### DEFENCE

Pressure of work, the Report explains, rendered it impossible to arrange any plenary discussions on Imperial Defence. At an early stage of the Conference, however, arrangements were made for the Chiefs of Staff of the three Services in the United Kingdom and representatives of the Services of the Dominions and India to meet together and discuss matters of common interest. The existing arrangements for consultation and co-operation (including questions of general defence such as the supply of war material and the co-ordination of defensive arrangements as well as the staff arrangements of the respective services), which have grown up as the result of past Imperial Conferences, were reviewed, and, where necessary, recommendations were submitted for their improvement in matters of detail.

In addition, meetings took place at the Admiralty, War Office, and Air Ministry at which questions of naval, military, and air defence respectively were examined from a more technical point of view.

### SINGAPORE

As a result of discussion between representatives of the United Kingdom, the Commonwealth of Australia, and New Zealand, it was recommended that the present policy of the ultimate establishment of a defended naval base at Singapore should be maintained, and that the Jackson contract should be continued. It was, however, also recommended that, apart from the latter expenditure and such as will be required for the completion of the air base on the scale at present contemplated, the remaining expenditure, *i.e.*, that required for completing the equipment of the docks and for defence works,

\* Accession to the General Act (Geneva, September 26, 1928) pledges signatories to submit every type of dispute, non-justiciable as well as justiciable, to peaceful settlement as therein provided (justiciable to the Permanent Court at the Hague). Belgium, Finland and Luxemburg, and six other countries have already signed. The British Commonwealth nations deferred action till the Imperial Conference. The main condition attached to signature of the Optional Clause was the reservation except by the Irish Free State, of domestic disputes.

† See THE ROUND TABLE, No. 79, June 1930, pp. 468-73.

‡ On this question, see THE ROUND TABLE, No. 79, June 1930, p. 468.



## The Imperial Conference

should be postponed for the next five years, when the matter could be again reviewed in the light of relevant conditions then prevailing.

### WAR GRAVES COMMISSION

Certain proposals for the extension of the Commission's powers were agreed to.

### II. ECONOMIC QUESTIONS

The Report states that all parts of the Commonwealth were united in a desire that all practicable steps should be taken to promote and develop inter-Imperial trade. The following statement of policy was made by the Government of the United Kingdom :—

"His Majesty's Government of the United Kingdom, believing that the development of inter-Imperial markets is of the utmost importance to the Commonwealth, has declared that the interests of the United Kingdom preclude an economic policy which would injure its foreign trade or add to the burdens of the people; but that their fiscal policy does not preclude marketing propaganda and organisation which will secure valuable opportunities for the consumption of Dominion products in the United Kingdom."

The Government suggested that the Empire Governments should present reports to a Conference which might be held next year on methods of economic co-operation within the Empire.

"In the meantime his Majesty's Government in the United Kingdom have declared that the existing preferential margins accorded by the United Kingdom to other parts of the Empire will not be reduced for a period of three years or pending the outcome of the suggested Conference, subject to the rights of the United Kingdom Parliament to fix the Budget from year to year.

"His Majesty's Government in the United Kingdom agree to reconstitute the Empire Marketing Board as a body with a fixed minimum annual income, with a provision enabling it to receive such other contributions from public or private sources as it may be willing to accept, for the purpose of furthering the marketing of Empire products.

"His Majesty's Government in the United Kingdom agree to the reconstitution of the Imperial Economic Committee on the lines recommended by the Committee of the Conference on Economic Co-operation."

In view of the above statement made by the representatives of the Government in the United Kingdom, the representatives of the Government in the Union of South Africa made the following statement :—

"The Government of the Union of South Africa declare that the existing preferential margins accorded by South Africa to the United Kingdom will not be reduced for a period of three years or during such shorter period as the existing preferential margins accorded to South Africa by the United Kingdom may remain in force."

Subsequently the Imperial Government intimated that they were opposed to any policy involving duties on foodstuffs or raw material. They suggested such methods as quotas, import boards, bulk purchase, direct exchange of commodities, and the promotion of agreements between industrialists and improved machinery for inter-communal consultation in economic matters.



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"During these discussions," says the Report, "it became apparent that the Governments of the wheat-exporting Dominions (Canada and Australia) attach special importance to increasing the sales of their wheat in the United Kingdom," and thereupon an informal committee, representing the United Kingdom, Canada and Australia, was set up to explore the wheat situation. This committee was later reconstituted as the "Committee on Economic Co-operation" under the chairmanship of Mr. William Graham. Representatives of New Zealand, South Africa, Irish Free State, Newfoundland, and India were added.

The Report, setting out in detail the work of this Committee on Economic Co-operation, explains the scheme of a quota for Dominion wheat milled in the United Kingdom. The Report says that the Imperial Government undertook to examine carefully the report of the Committee on Economic Co-operation on this question and also to consult the Governments of the wheat-growing Dominions and of India. The Committee's report says:—

"The object of a quota for Dominion wheat would be to secure that a guaranteed and, if possible, increasing proportion of the total quantity of wheat milled in the United Kingdom was of Empire growth. It was stated on behalf of the United Kingdom delegation that no price guarantee could be given for Dominion wheat and that the suggestion was confined to securing the guaranteed share of the import requirements at world prices. We were informed that a quota scheme for United Kingdom wheat had been under examination for some months, and that the machinery and procedure had been discussed in detail with the trade organisations concerned.

"We have had prepared the outline of a similar scheme applicable to Dominion wheat. The essence of this scheme is that certificates shall be issued by his Majesty's Customs in the United Kingdom in respect of all imported wheat passed through the Customs which they are satisfied is of Dominion growth. Wheat millers would be required to produce evidence of purchase (including the surrender of Dominion wheat certificates issued by the Customs) of the prescribed minimum quota. The certificates would be transferable, in the same way as other contract documents, and divisible, and, in order to save unnecessary transport, would not necessarily remain attached to the wheat or flour in respect of which they were issued. In the event of undesirable results following on the transfer of certificates, the situation would require to be dealt with by the authority in charge. The scheme would have to be elaborated in greater detail before the plan could be embodied in legislation or put into operation, and for this purpose consultation with the trade interests concerned might be necessary.

"We assume that a quota scheme for wheat of Dominion growth would not be introduced without the introduction also of a quota scheme to absorb the whole of the wheat of millable quality grown in the United Kingdom. While it is not within our competence to discuss the details of a quota for United Kingdom wheat, some members of the Committee feel that such a quota might react on a Dominion scheme. Thus it was suggested that, in so far as a quota for United Kingdom wheat had the effect of raising its price, the result might be that the price obtainable for imported, including the Dominion, wheat might tend to be depressed. Again, if the United



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Kingdom quota scheme stimulated the production of wheat in the United Kingdom, the requirements of imported wheat would be reduced. On the other hand, it was suggested that any increase in the price of United Kingdom wheat must fall not on the importer of wheat but on the consumer of flour, that any increase in the United Kingdom supply could not exceed 5 per cent. of the total requirements of millers, and that such an increase would be effected at the expense of foreign wheat and not of Dominion wheat, if a quota for Dominion wheat were in force.

"We next considered what would be the advantages to the wheat-exporting Dominions of the quota scheme. The total exports of wheat from the Dominions greatly exceed the total imports from all sources into the United Kingdom, and it follows that, provided there is free competition in the United Kingdom market among Dominion exporters, the price of Dominion wheat in the United Kingdom could not be raised appreciably above the world price, since, as the United Kingdom price tended to rise, shipments to Continental ports would be diverted to ports in the United Kingdom. Wheat importers in the United Kingdom are further protected by the present arrangements whereby the whole of the exportable surplus of the Dominions, whether consigned to the United Kingdom or not, is available and identifiable for the purpose of the quota by documents of origin or grade certificates or otherwise. There is no suggestion of any interference with these arrangements. Further, the Parliament of the United Kingdom might also introduce legislative safeguards designed to prevent any undue inflation of prices.

"We also considered whether a quota for Dominion wheat in the United Kingdom would tend to reduce the price which the Dominions obtained for their wheat in foreign markets. The effect of the quota would be to divert a certain amount of foreign wheat from the United Kingdom market to the Continental market, but, on the other hand, the same quantity of Dominion wheat would be diverted from the Continent to the United Kingdom. We see no reason therefore to suppose that the effect of the quota would be appreciably to reduce the price for wheat on the Continent. It is pointed out that the displacement of foreign wheat on the United Kingdom market would lessen the quantity of Dominion wheat for which foreign markets would be required, thus maintaining price equilibrium."

The marked increase in the exports of Russian wheat compared with 1929, most of it shipped "on consignment" to sell for what it would fetch, was noted. Far more wheat from Russia is anticipated in future years. Russian wheat competes directly with Canadian wheat and is likely to cut into its market just as Argentine wheat competes with Australian. Therefore a quota securing to Dominion wheat a guaranteed market for more wheat than had come in recent years, would be *pro tanto* beneficial. The quota proposed is to be a guaranteed minimum, leaving it open, however, to the Dominions to compete equally with the foreigner for the rest of the supply, apart from that reserved for the United Kingdom wheat. A separate quota, could not be given to each Dominion, being administratively impracticable.

As regards imported flour, United Kingdom millers would rightly complain if they are restricted by a quota scheme, yet flour can be imported as freely as to-day. The average imports of wheat meal or flour are to-day



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about 10 million cwt. a year. The proposal is that the importers of Dominion flour should have to take up the quota of United Kingdom wheat certificates, while the importers of foreign flour would also have to take up the quota of Dominion wheat or wheat flour certificates. As imports of Dominion flour at present exceed considerably imports of foreign flour, this is no hardship to the foreigner. Nor, as regards imported Dominion wheat flour, would the need of obtaining United Kingdom wheat certificates interfere with trade in special kinds, as importers could, without undue difficulty, obtain necessary certificates, probably through the London Corn Exchange, or in the country markets for United Kingdom wheat. There would have to be legislation to protect the divergent interests of millers and flour importers, and to prevent any action being taken to prejudice the important trade in Dominion flour. Arrangements in connection with imported flour would probably have to be planned in consultation with the trade interests concerned.

### QUOTAS FOR COMMODITIES OTHER THAN WHEAT, IMPORT BOARDS, BULK PURCHASE SCHEMES, AND ORGANISATION OF CHANNELS OF TRADE

These matters were all referred to sub-committees. Their reports appear in the appendices to the official summary.

### IMPERIAL SHIPPING COMMITTEE AND IMPERIAL ECONOMIC COMMITTEE

The Conference considered the proposed Shipping Committee should be maintained, and be responsible to the Imperial Conference Governments, and that civil aviation should be represented on it. Appreciation of the work of the Imperial Economic Committee is expressed and a reference laid down.

### EMPIRE MARKETING BOARD

The Committee on Economic Co-operation recommended the following resolutions with regard to the work of the Empire Marketing Board :—

“ I.—The Conference, having surveyed the work of the Empire Marketing Board, is satisfied that it is valuable to the Commonwealth as a whole, and recommends its continuance and its extension in certain directions, notably in the spheres of market intelligence, statistical surveys, and market promotion.

“ II.—The Conference takes note of the Empire Marketing Board's programme of research, involving commitments approaching £2,000,000 from the Empire Marketing Fund, as well as independent contributions by so many Empire Governments. It finds that programme in accord both with the Resolution of the Imperial Conference of 1926 and the policy adopted by the Imperial Agricultural Research Conference of 1927.

“ III.—The Conference commends especially that feature of the Board's policy which aims at the concentration and development in the most appropriate centres of scientific team work upon problems of interest to the Commonwealth as a whole, and notes as an example of special promise the recognition and extension of the Onderstepoort Veterinary Research Station as an Empire centre of research in the field of animal health.

“ IV.—The Conference also welcomes the facilities provided by the Board for enabling scientific workers to visit different parts of the Empire.

“ V.—The Conference is of opinion that if effective advantage is to be



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taken of the opportunities for co-operative action within the British Commonwealth open to the Board :—

“(1) The limitation of the Empire Marketing Fund to marketing in the United Kingdom should be removed.

“(2) While the amount of its contribution must remain wholly within the discretion of the Parliament of the United Kingdom it should be recognised that the efficiency of the Board's work and its opportunities for effective planning depend upon a minimum annual income being assured to the Board over a reasonable period.

“(3) The Board should, therefore, be constituted as a body with a fixed minimum annual income, with a provision enabling it to receive such other contributions from public or private sources as it may be willing to accept, for the purpose of furthering the marketing of Empire products. (The representatives of the Union of South Africa considered that the Fund was and should remain the concern solely of the Government of the United Kingdom and could not, therefore, agree to paragraph (3) of Resolution V.)”

### STANDARDISATION

The Conference recommended the co-ordination of industrial standardisation under a central body in each country, to which support should be given by the Governments. It urged closer co-operation between these standardising bodies in order to develop further standardisation and the establishment, so far as was practicable, of uniform standard specifications. Stress was laid upon the importance of simplification by means of the reduction of unnecessary types, sizes, etc., of everyday commodities. The Conference also recommended the adoption of marks or brands for the various standardising bodies.

### EMPIRE BROADCASTING

A Committee on Imperial Communications (other than transport) recommended the establishment of an Empire Broadcasting Service, and urged the desirability of encouraging broadcasting organisations in the various parts of the Commonwealth to arrange for the reciprocal broadcasting of programmes and events of special interest where suitable means of long-distance transmission were available.

### CIVIL AVIATION

Many questions under this head were discussed. The Conference expressed the hope that the next stage in the development of Empire air communication, by the opening in 1931 of the regular Imperial Air Service between England and South Africa, would be followed at an early date by an extension of the regular weekly air service between England and India as far as Australia. It was recommended that preference should be given to the carriage of air mails to Empire air routes when the facilities which exist offer equal advantages to air routes by foreign services. The opinion was expressed that civil aviation should be represented on the Imperial Shipping Committee.

### OVERSEA SETTLEMENT

The subject of oversea settlement was examined by a committee whose report to the Conference was approved. On this report the Conference passed



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a resolution expressing the opinion that the problem of the better distribution of the white population of the British Commonwealth would continue to be a question of paramount importance. Its successful solution, said the resolution, depended upon the availability of adequate markets for Empire products and of sufficient capital to develop its resources. "The Conference recognises that the economic difficulties of the present time are such as to render impracticable any considerable flow of migrants from the United Kingdom to the Dominions, but it has every confidence in the future and recommends that the problem of oversea settlement should continue to receive the most careful consideration, and that the Governments concerned should adopt such measures as may be found best calculated to secure the object in view as and when economic conditions permit."

Other questions dealt with by the Conference concern forestry, research, cotton growing, petroleum production, an oversea mechanical transport council, a conference of statisticians, steamship services, double income-tax relief, reciprocity in old-age pensions, and educational films.

The bulk of the Report consists of its appendices, which contain the opening and concluding speeches, the report of the Committee on War Graves, the report of the Committee on Economic Co-operation, and the reports of committees on Imperial Communications, Civil Aviation, Oversea Settlement, Forestry, Research, and General Economic Questions.



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## Party Strains and Stresses

But all this kind of thing is dangerous to liberty. It cannot stop at the Bantu, especially as no such limitation is laid down in the Act. As Lincoln remarked on a famous occasion, you cannot have half society bound and the other half free. *De nobis fabula narratur.*

Let no one say that the substitution of favour for right cannot conceivably be applied to Europeans in South Africa. The sufficient answer is that it was so applied regularly and not so very long ago. In the later 'nineties, in default of an accessible franchise open to all comers on equal terms, the Transvaal used to give the vote to selected and trustworthy Uitlanders. And, in time of crisis, it began to take back what it had given. Away in the 'thirties, a Secretary of State reminded an over-zealous Cape Governor that British subjects must not be deported in time of peace save after trial or by Act of Parliament; in 1914 General Smuts illegally deported nine Labour leaders and barely got his Act of Indemnity; to-day Parliament cheerfully puts wide powers of deportation into the hands of a Minister and, by making those powers especially potent against those who were not born in South Africa, it has revived something of the old Uitlander idea. Meanwhile, the Minister's powers have not remained a dead letter. Well-known native spokesmen have been put to the ban as far as certain areas are concerned; and now, in September, the general secretary of the Bantu trade union, the I.C.U., has been banished for a year to northern Natal, in spite of a request by the Mayor of Durban and other prominent citizens that the order might be suspended.

### III. PARTY STRAINS AND STRESSES

**S**TRESS of bad times and the eternal native problem are sending a swirl of cross-currents trailing across our political life. Native questions are acting as a bar to the consolidation of the forces of Labour. These forces are



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sadly split by the party quarrel of 1928\* and by the secular jealousies of North and South. In the Cape, many trade unions either admit non-Europeans or recognise non-European unions affiliated to their own. In the north the mass of white labour opinion has hitherto countenanced nothing of the kind. In October, a Trade Union Congress held at Cape Town decided by a large majority to form a national central body, manned by representatives of the existing T.U.C. and the Cape Federation of Labour. A minority of southerners declined to go beyond union on a provincial basis for fear of the northerners' attitude on the colour question, and some of them have since formed an Independent Labour party on a polychrome basis. It remains to be seen how the scheme will be welcomed in the north as a whole, but a clear indication of how a large section there will view it may be gathered from the remarks of the chairman of the Organisation of Workers at Pretoria. He obviously spoke for the numerous semi-skilled and unskilled Afrikaners who are being forced off the farms into the towns. And it came to this: that all would be well if the proposed institution dropped the "unadulterated socialistic objectives" taught by imported Labour leaders who did not understand the country; made its aims national rather than international, and took due regard of the native problem, due regard being the maintenance of white supremacy, "no coquetting with Communism in the native kraals, and no political contact on terms of equality with the native."

If the above can be taken as at all a representative statement of northern opinion, the prospects of Labour solidarity are not encouraging. There are also indications that the call of nationalism and the actions of certain Ministers may have a solvent effect on such solidarity as remains. The elections of 1929 gave the Nationalist party a clear majority over all others for the first time. Two Labour Ministers still retain their portfolios, but it has long been

\* THE ROUND TABLE, No. 72, September 1928, p. 881.



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clear that Labour has much less influence than it had before the elections. From time to time rank and file Afrikanders have asked why the Pact should continue. Recently, the results of trouble arising on the State-owned railways suggest that certain Ministers are asking themselves the same question.

In face of a growing deficit, the railway administration achieved substantial economies. It then proposed to go further and announced far-reaching "cuts" in allowances and privileges. It held out against the pressure of the accredited conciliation machinery and the railwaymen's unions on the arguable grounds of national necessity and business principles. But, then, twice in quick succession, at Pretoria and Johannesburg, the Minister of Railways and one or two of his colleagues summoned conferences of such railwaymen as were also members of the local committees of Nationalist party branches. On the second occasion they gave way. Cuts there are, but they fall almost without exception on the higher salaried ranks and not on the daily-paid workers. The inference can hardly be evaded, all the more as the Minister of Justice, speaking at Vrededorp, traditionally the refuge for the poorer Afrikanders of the Rand, declared that if any trade unions interfered with his ban on native Labour leaders, their Afrikaans-speaking members would break away and form unions of their own. The reply has come promptly. The miners are a powerful force in the world of Labour, and their wages are still more or less the standard by which European wages are set throughout the Union. They are alarmed lest, on the analogy of early commissions, the commission which is now investigating the low grade mines propose a reduction in their emoluments. The executive of the section of the Labour party which follows Colonel Creswell, who is still a member of the Cabinet, has given fair warning that, since the Government has given a sinister lead to big business by its treatment of the railwaymen and civil servants, it will denounce the Pact



## South Africa

unless a straightforward statement of wage policy is forthcoming.

To balance these internal strains within the Pact, Nationalist leaders are holding out the hand of friendship to Natal. For good and sufficient reasons the republican tradition is very strong among Afrikanders, especially in the ex-republics, the north-eastern Cape Province and northern Natal. But the rest of Natal has always prided itself on being British and indeed imperialist. Not that either sentiment has deterred it from defying His Majesty's Government on occasion: nevertheless, however strong the economic pull of the Transvaal may have been, Natal has resented the risk of Afrikanerisation to which she has felt herself exposed by the loose form of Union practically imposed upon her in 1910, and by what she has regarded as a deliberate attempt by the present Government to flood her police, railway and civil service with Afrikanders. That fear has apparently been overcome by a greater fear. Remembering the racial riots in Durban a few months previously, none were more eager than the Natal South African party men to pass the Riotous Assemblies Bill during the recent session.

Meanwhile, for some time past, a republican group and a Calvinistic bond of a fundamentalist character have been gaining prominence, both drawing their main strength from the Free State. After the departure of General Hertzog and two of his colleagues to attend the Imperial Conference, republican activities were such that some of the remaining Ministers had reason to fear a split in their party's ranks. The republicans have now stated that there is no fear of that. They are satisfied that, under the 1926 declaration, the Union is as free as it can wish to be, and that, provided they can be sure that South Africa will not be drawn into any of Great Britain's wars, they are prepared to wait till the time shall be ripe for a republic, merely keeping the idea alive and taking courage from the fact that they have recently discovered English-speaking



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republicans in South Africa. Looking at the history of English-speaking republicanism, there is perhaps not much cause for surprise in that; but this assurance, coupled with the studious moderation of our Prime Minister in London, should reassure any on either side of the water who fear that the Union is contemplating speedy secession.

Helped by bad times again, the national idea is spreading rapidly among the English-speaking section, or rather the very real South Africanism that was already there is being strengthened. With hardly a questioning voice, and that on purely economic grounds, even those newspapers which have hitherto been suspected of latent imperialism are supporting a patriotic drive in favour of South African-made goods. It is a step which is naturally pleasing to Nationalists, who have always held these views. It bodes as ill for any scheme of Empire free trade as does Mr. Bennett's triumphant toboggan-ride to Ottawa on a slide greased with New Zealand butter, but it is worth recording as an additional proof of the growing solidarity between the two great sections of our European population. And industrialism is very strong in coastal Natal. Hence Dr. D. F. Malan, our acting Prime Minister, was talking to a sympathetic audience, and to a still larger audience in the background more than half-inclined to be sympathetic, when, at a Nationalist party conference held in Natal, he pleaded that the policy of Afrikaners must be to make Natalians feel as much at home in the Union as the scattered British already were in the Free State.

South Africa.

October 1930.



## NEW ZEALAND

### I. DOMESTIC POLITICS

#### (a) *Party Relations*

SIR JOSEPH WARD did not long survive retirement. On May 15 he resigned; on July 8 he was dead. There is no need to enlarge on the brief review of his more than forty years of almost continuous public service which we have already given,\* but a word may be added with regard to the position in which the last phase of his career has left New Zealand politics. When Sir Joseph returned to the fighting line on the eve of the general election in 1928, his personality and reputation were strong enough to enable him, although already a very sick man, to inspire the remnants of his party with new life and hope, and with the aid of Labour to defeat the Reform Government. But with a party of 28, afterwards reduced to 26, in a House of 80 members, he had not the material with which to make his Government independent of outside support, and it was almost inevitable that he should look for it to the party which had put him in power.

This dependance of a Government of moderate views upon a party of extremists, which holds the balance of power, has introduced into our politics an element of insecurity and insincerity from which they had long been free, and under Mr. Forbes the position has unfortunately become worse instead of better. A more conventional and less imaginative and adventurous type of politician than

\* See THE ROUND TABLE, No. 80, September 1930, p. 899.



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his predecessor, Mr. Forbes has elected to remain in bondage to Labour rather than to seek an understanding with the Reform party, though his political differences with the latter are comparatively slight. Whether consciously or unconsciously, his attitude has been one of complaisance to Labour and of distrust and unfriendliness to the party led by Mr. Coates. The one attempt which he has made to seek the Reform party's co-operation nearly ended in disaster, though possibly not entirely through his own fault.

As attendance at the Imperial Conference required that the Prime Minister should leave New Zealand before the end of the second month of an exceptionally crowded session, it was obviously necessary for him to make some arrangement with the other parties about the conduct of business. This would, of course, have been best done at the very beginning of the session, but it was not till August 8, when six weeks had passed with very little accomplished, and the Opposition had not improved the position by two motions of no confidence, that the Prime Minister made a move. He announced that he had conferred with the leader of the Opposition and the leader of the Labour party; that they had agreed to help him in expediting the most important business before he left, and that non-contentious matters would be dealt with after his departure. But on August 14, after nine hours spent over the short title of the Customs Acts Amendment Bill and as many more on the second reading, the Prime Minister's patience gave way under what he regarded as "deliberate and arranged" obstruction.

He had nothing to say in regard to the treatment he had received from the leader of the Labour party, who had met him in every way possible. . . . In view of the delaying tactics that had been adopted, he had stopped the making of further arrangements for his departure. The cheap sneers that had been thrown at him about the matter had clearly indicated that his critics did not view it from his angle; and, further, the promise that the business of the House would be facilitated by the Opposition as much as possible had been kept as lightly as it had been given.



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Few subjects are more productive of prolonged and excited controversy than tariff changes of the important kind proposed by this Bill, and it seems clear that on this occasion some members of the Opposition had got out of hand and given the Prime Minister just cause for complaint. But Mr. Coates had certainly not been guilty of any breach of faith, and if he had been it is difficult to imagine anything more absurdly maladroit than thus publicly to charge him with a breach of an honourable understanding, without first giving him an opportunity of a private explanation. Had the leader of the Opposition shown in his retort the indignation that he naturally might have done under the circumstances, the understanding would have been at an end, and the Prime Minister would have had to stay to fight it out. But a soft answer averted this disaster, and the Prime Minister caught his steamer. This happy ending deprives the incident of any importance except as an illustration of the readiness of the two principal parties to misunderstand one another, and the tendency of the United party, ever since Labour put it into office, to look to Labour for support, and to ignore its politically far closer affinities with the Reform party, a tendency which was also brought out at the Invercargill by-election necessitated by Sir Joseph Ward's death. The United party candidate, Sir Joseph's son, included "co-operation with Labour," and "no fusion with Reform" among his "seventeen points," and, more significant still, there was no Labour candidate in the field against him.

### (b) *Tariff Changes*

On July 22 Mr. Forbes sprung a surprise upon the House of Representatives and the country. He introduced, in advance of the budget, a series of tariff resolutions which were estimated to produce a revenue of about £800,000. He was compelled to take this step because he had talked too freely about his needs and put importers on the alert. It was, therefore, necessary to forestall the clearances



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that would otherwise have been made on the eve of the budget. The most drastic of these resolutions, and the one which excited by far the fiercest opposition, was the proposal to raise more than half the new revenue by an increase in the petrol tax from 4d. to 7d. a gallon. Last year this tax produced about £1,000,000. Swollen by the 5 per cent. surtax, to which we will return on a later page, this addition was estimated to produce £450,000 during the current year and £650,000 in a full year. The outcry was intensified by the claim that the new tax represented "a raid upon the Highways Fund" because, instead of its proceeds being completely allocated to that fund, like the existing tax, £316,000 of the total was to go into the Consolidated Fund. On August 14, when the Customs Bill was in committee, the Prime Minister agreed, in spite of strong Labour protests, to reduce the proposed increase from 3d. to 2d. per gallon, but in doing so he stated that the alteration would prevent his carrying out his original intention of allocating £134,000 to roads in the back blocks.

The rest of the customs taxation, amounting to £350,000, included no large or highly controversial items, but Mr. Forbes quite unnecessarily complicated his task by taking the opportunity, as he mildly expressed it, "to make some desirable amendments in the tariff from the protection and preference points of view." There were increases in the duties on tobacco, cigarettes, New Zealand brewed beer, and cinematograph films and small fruit. There was also a wide extension of the principle of British preference, the increase in a large number of cases amounting to a uniform 5 per cent. *ad valorem*. At the same time the 2 per cent. primage duty on all imported goods was abolished in favour of a surtax which applied to dutiable imports only, and in most cases was fixed at nine-fortieths of the total duty otherwise payable.

In view of the customs barriers which are being erected in many countries of the world against Empire products (said Mr. Forbes) it is considered that New Zealand should so arrange its tariff policy



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as to be able to meet the altered conditions. . . . During recent years there has been a decrease in the proportion of British-made goods imported into the Dominion, and it is proposed to make increases in the preference on 158 items of the tariff. The total number of items is 449, and the number of items upon which preference is granted is 295. Hence the Government proposes to increase the rate on about one-half of the items on which preference is now accorded.

The combined effect of the surtax and of the additional 5 per cent. duty imposed on foreign goods is shown in the following table.

<i>Present Rate (including primage).</i>	<i>New rates.</i>
22 per cent. under the British Preferential Tariff.	24½ per cent. under the British Preferential Tariff.
42 per cent. under the General Tariff.	55½ per cent. under the General Tariff.
27 per cent. under the British Preferential Tariff.	30½ per cent. under the British Preferential Tariff.
47 per cent. under the General Tariff.	61½ per cent. under the General Tariff.

Another of the Minister's tables showed the effect of the tariff changes on the preference given to British motor-vehicles.

	Old Rate (including primage).	New Rate (including surtax).
Motor - vehicle chassis, including trucks—		
British Preferential Tariff ..	12 per cent.	12¾ per cent.
General Tariff .. ..	37 per cent.	49 per cent.
Motor passenger-cars, not exceeding £200 in value—		
British Preferential Tariff ..	22 per cent.	26 per cent.*
General Tariff .. ..	52 per cent.	68.9 per cent.

Although the British preference shown in these tables ranges from 30½ to 42.9 per cent., it should be noted that the tariff barrier against British goods ranges from 12¾ to

\* The "24.8 per cent." in the published figures is obviously incorrect.



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30½ per cent. In the case of apparel and hosiery the additional protection given to the local manufacturer amounts to about 6½ per cent. against British-made goods and to 14¼ per cent. against foreign goods. The British preference has thus been increased by 7¾ per cent., but the duty on the British article has at the same time been increased from 27 to 33½ per cent. This is an extreme example of the way in which a wide extension of preference to British goods, when accompanied by an increase in the duties against them, may be found in practice not to favour the "closer Empire trade," which Mr. Forbes desires to promote.

It is indeed to be regretted that this aspect of the tariff changes, and—what is locally of greater interest—the merits of the avowedly protective duties, and the risk that the surtax, though intended as a temporary expedient, may bring into being vested interests which will tend to make it permanent, were not submitted to the usual inquiry before the changes were enacted. In view of the haste and lack of preparation with which Mr. Forbes, who is but an amateur in such matters, rushed into this highly complicated and far-reaching business, it must be admitted that the courage with which he has been justly credited bears some resemblance to that of a bull in a china-shop.

This seems a fitting point at which to refer to the drastic action taken by the Government with regard to our trade relations with Canada just before the Prime Minister's departure.

On October 1, 1925, the benefits of a trade agreement which Australia had made with Canada were extended to New Zealand, and the greatest of them was the reduction of the duty on butter from 3 cents a pound—which was Canada's British preferential tariff rate at that time—to 1 cent a pound. The effect of this change was that our exports of butter to Canada, which were valued at £340,600 in 1924, increased in 1928 and 1929 to £1,566,000 and £2,708,000 respectively. At the same time the balance



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of trade, though still strongly in favour of Canada, had fallen from £3,209,000 in 1924 to an average of £1,127,000 in 1928 and 1929.

Last April, however, our Government was informed by the Government of Canada that the agreement could not be extended beyond October, though Canada's British preferential rates would be granted to New Zealand goods in return for a continuance of New Zealand's grant of British preferential rates to Canadian goods. In May the Canadian Parliament increased the British preferential rate on butter to a minimum of 4 cents a pound, which was the rate under the general tariff in April. The negotiations which the New Zealand Government had opened to secure the continuance of the 1 per cent. duty until a new agreement could be arranged were, moreover, suspended by the general election in Canada, immediately after which the new Canadian Government informed our Government that they could not extend the Australian agreement rates to New Zealand beyond October, though they were willing to negotiate for a new agreement.

After setting out the facts in a statement to the House on August 21, the Prime Minister wound up his speech with the following words.

The Government is, as a general rule, averse to a policy of tariff retaliation, especially with respect to a sister Dominion, but it is felt that the matter is of such moment to New Zealand, and especially to the dairy industry, that some action must be taken. It has therefore been decided that Canadian motor vehicles and accessories are to be placed on the general tariff in force in April last. An Order-in-Council bringing the new duties into force will be gazetted to-day.\* The Government is quite willing, pending the completion of a direct trade agreement, to replace Canadian motor vehicles on the British preferential tariff, provided that the Canadian Government will similarly continue to grant to our products the rates fixed by the Australian-Canadian agreement. As I have already informed

\* The effect of this change was to increase the duty on Canadian cars from 26 to 50 per cent. The rate on American and all other foreign cars is 68·2 per cent. In 1929 the value of the cars imported from Canada was £1,574,000 out of a total of £4,279,000.



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the House, I propose to discuss this matter with the Government of Canada when passing through that Dominion on my way to the Imperial Conference.

Before Mr. Forbes was able, however, to open his negotiations in person, Canada had already replied in kind. He seems to have reached Ottawa the very day after the Canadian Parliament had approved Mr. Bennett's budget proposal to increase the British preferential rate on butter to 8 cents a pound, and there the matter will have to rest until the two Prime Ministers can find time to discuss a settlement during or after the Imperial Conference.

In the meantime the practical closing of a market which had been taking 20 per cent. of our most valuable export is another severe blow to our already badly hit farmers, though if it had to come at all it was fortunate that the blow fell on the eve of the Imperial Conference. To those who are urging Britain to abandon free trade so that she may be able to give further preferences to the Dominions, the incident will suggest that even with high tariffs and goodwill on both sides satisfactory preferences may not be easy to arrange. In New Zealand itself the experience may moderate the pride which we are accustomed to feel when we grant British preferences by increasing the duties against the foreigner. "The painful side of the preference joke is brought home to us" this time, says the *Evening Post* on September 18, in an article entitled "Prohibitory Preference."

New Zealand butter (it continues) will have an advantage of 50 per cent. over the most favoured of its competitors, but of what advantage will that be if the way is barred for both? If the 2d. that was to have been imposed under the Dunning tariff was regarded as likely to be a dangerous blow, the doubling of it may well be fatal. Hitting the foreigner harder will not soften the blow. A preference that prohibits is a cruel boon.

### (c) *The Budget*

Mr. Forbes, who is Minister of Finance as well as Prime Minister, brought in his first budget on July 24. As



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already mentioned\*, he stated in May that although the year 1929-30 had closed with a surplus of £148,979 there was a deficit of £3,000,000 in prospect for the current year. The principal difficulties of the past year and the greater difficulties to come were put down by the Minister to the effect of the world-wide slump upon our export trade.

Returns of overseas trade (he said) showed a decline in the value of exports, compared with that of the previous financial year, of over £8,000,000, while imports increased by over £4,000,000. The visible balance of trade for 1929-30 was, therefore, over £12,000,000 less favourable to the Dominion than for 1928-29. This reduction in the value of our exports is due almost entirely to the lower prices received. The declared value of butter, for instance, the principal export for the year, declined 8.5 per cent., whereas the reduction in quantity was only 0.4 per cent.; and wool, the second in order of exports, declined by nearly £5,000,000, a fall of 32 per cent. in value although a reduction in quantity of only 5 per cent.

While the primary industries, which provide about 99 per cent. of our exports and are the mainstay of our prosperity, are thus grievously depressed, a rise in the exchange rates due in part to the adverse balance of trade, but "more especially," the Minister considers, "to the economic conditions obtaining in Australia," has embarrassed the importer and increased the cost of all imported goods. The call for economy, public and private, is urgent.

From the point of view of the public accounts (says Mr. Forbes), the Government is faced with reduced revenue from both customs and land and income tax, and, in fact, from all heads of revenue, during the ensuing year, while, on the other hand, debt charges, pensions, and other statutory payments of a rigid nature will result in additional expenditure. Moreover, the railways have now become a liability on the Consolidated Fund, and will require financial assistance to enable them to carry on.

The revenue for the past year was £25,349,861, of which £8,837,335 was contributed by direct, and £10,636,780 by indirect taxation. The customs revenue showed an increase

\* See THE ROUND TABLE, No. 80, September 1930, p. 905.



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of £942,794 over that of the previous year and an increase of £497,046 over the estimate—a result due to an unexpectedly large rise in the imports which carried them more than £4,000,000 beyond the figure of 1928–29. The land and income tax receipts amounted to £5,040,675, which exceeded the estimate by £147,675—almost the exact amount of the surplus. Of this total £94,000 was contributed by the change made in the assessment of farming incomes last year. On the debit side the net expenditure was £25,200,882. Compared with the £24,176,928 spent in the previous year, this amount shows an increase of £1,023,954, which is made up of £983,008 in permanent appropriations, and £40,946 in annual appropriations. “The modest increase in the latter,” Mr. Forbes naïvely remarks, “is evidence of the very successful efforts made by the Government to keep departmental expenditure down to a minimum.”

Turning to the current year, Mr. Forbes estimates that the two sources of revenue which exceeded the estimates last year will be seriously diminished. Imports, which last year showed an increase of £4,000,000, are expected to suffer a shrinkage of £5,000,000, and, as the luxury items on which the duties are highest will be most affected, the customs revenue will suffer a more than proportionate decline. It is also expected that there will be a substantial falling-off in the yield of land and income tax, and that last year's heavy loss of £1,211,269 on the railways will be slightly increased. The estimated effect of these and other changes were thus summarised by Mr. Forbes :

<i>Decreases in revenue—</i>	<i>£</i>	<i>Increases in expenditure £</i>
Customs .. .. .	1,150,000	Debit charges .. 315,000
Interest on railway capital	1,230,000	Pensions and other
Land and income tax ..	300,000	fixed items .. 100,000
Items other than taxation	150,000	
	<hr/>	<hr/>
	2,830,000	415,000
	<hr/>	<hr/>



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After deducting last year's surplus of £150,000, the prospective budget shortage will therefore be £3,095,000. Faced with this position, the Minister of Finance remarks that "reductions in expenditure are the only alternative to heavy increases in taxation" though he then proceeds to dismiss the most obvious and salutary form of economy with an innocent but quite unjustified assurance :

Needless to say (he continues) the Government is anxious to avoid increasing taxation as much as possible, and, on becoming apprised of the position, immediately proceeded to review carefully the expenditure. Steps were taken to obtain the greatest possible economy in administration, but, as this is a matter that has already received considerable attention, there is no possibility of making very large savings in that way.

The various "reductions in expenditure and adjustments" by which it was proposed to account for about half the budget shortage which amounts in all to £1,684,000 may be summarized as follows :—

	£		£
Subsidies to local authorities, railways, etc.	645,000	Reduction in Defence vote .. ..	180,000
Railways—reduction in expenditure and increased revenue .. ..	450,000	Reduction in other annual votes .. ..	208,000
		Miscellaneous .. ..	201,000

Allowing £250,000 for supplementary estimates and contingencies, the Minister had thus accounted for about half the proposed shortage, leaving approximately £1,660,000 to be found by additional taxation. About half of this amount has been provided by the series of tariff resolutions already discussed. On the side of direct taxation a 10 per cent. increase in the income tax is the most drastic proposal. The land tax is increased by the withdrawal of certain concessions, and in place of the special land tax imposed on farmers last year, those owning or occupying land of an unimproved value of £7,500 or more are to be assessed for income tax on farming as well as on other income.



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The totalisator duty is increased from  $2\frac{1}{2}$  to 5 per cent. ; the estate duty on the amount by which the final balance of a deceased person's estate exceeds £100,000 is increased 10 per cent. ; there is to be a similar addition to the stamp duties on all instruments presented for stamping ; and the taxes on sound films, amusements, banknotes and a number of other things are also increased.

Of the contributions from these various sources by far the largest will be provided by the increased income tax. Its total yield is estimated at £3,960,000, which, compared with the £3,533,764 collected last year, indicates an increase of £426,000 ; but, by reason of adjustments which the Minister did not assess, the actual increase may be considerably larger. To this increase there has been no very strong objection except on the ground that with genuine economies it might have been much smaller, and it is a remarkable fact that even with this substantial addition, the estimated yield of the income tax for 1930-31 is less than half that of the customs, though ten years ago the two were nearly equal. The figures are as follows :—

	Income Tax	Customs Duties
1920-21 .. ..	£8,248,945	£8,408,726
1930-31 (estimate) ..	£3,960,000	£8,530,000

Even if the proceeds of £1,240,000 from the land tax are included, direct taxation with an aggregate of £5,020,000 falls more than £3,000,000 short of the estimated proceeds of the customs.

### (d) Unemployment.

Next in importance to the budget among the urgent problems which it was impossible to postpone was unemployment. Ministers had had little to say about the valuable report of the Unemployment Committee\*, and there was a general expectation that they would prefer a temporising policy. But the Bill which actually came up for

\* See THE ROUND TABLE, No. 79, June 1930, pp. 668-672.



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its second reading in the House of Representatives on July 17 and was passed by the Legislative Council unamended on September 26, was based to a large extent on the recommendations of the Committee. These were the creation of a permanent board to deal with problems of unemployment, the establishment of a special fund for the purposes of the board, the financing of the fund partly from a flat individual tax on all adults, partly from a flat penny in the pound on all incomes exceeding £300, and partly from the Consolidated Fund, and lastly the payment of sustenance allowances out of the fund to contributors during unemployment. All these recommendations of the Committee were accepted in principle, but with some vital alterations for the worse in the proposed application of the last two.

The unemployment levy proposed by the Bill was a tax of 30s. a year to be paid by every male of 20 years or upwards. The maximum of the sustenance allowance was fixed at 21s. a week for a contributor, 17s. 6d. a week for his wife or other person in charge of his home, and 4s. a week for each of his children. Both of these provisions were strongly opposed, the first by Labour and the second by the Reform party, but, fortunately for the Government, the support of the Reformers in the first case and of Labour in the second gave them comfortable majorities in both cases. Labour's objection to the flat rate of 30s. a head, as expressed by Mr. H. E. Holland, the parliamentary leader of the party, was that the man who had an income of 30s. a week and the man who had £30 a week would pay the same amount. But the Bill provides for the payment from the Consolidated Fund into the Unemployment Fund of a subsidy equal to one-half of the expenditure out of that fund, which means that the £30 a-week man will be paying heavily through the income tax towards one-half of the expenditure. And as the 30s. levy is only estimated to produce about £500,000, and the Government's expenditure on unemployment last year exceeded £1,400,000, something more



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Senate concurred and the final report is accordingly to be considered next session.

The circumstances of the two months preceding his departure for the Imperial Conference imposed almost overwhelming burdens on the Prime Minister. He left Australia a very sick man; and without distinction of party the sympathy and good wishes of the Australian people attend him.

## II. PUBLIC FINANCE

THE difficult economic problems with which Australia is struggling as a result of the world depression have been already recorded in this review.\* Unfortunately for Australia the world crisis developed at a time when she was facing some serious problems of her own making. For a number of years she had been borrowing overseas for public works which had not increased productivity sufficiently to enable the country to meet the increasing interest charges without lowering the standard of living. More immediately serious, however, was the fact that the failure to earn interest, combined with the growing shortage of funds abroad available for investment, was making imperative a reduction in overseas borrowing. The Australian standard of living was to some extent maintained by the inflow of imports resulting from these borrowings, and there had grown up a class of workers who depended upon the expenditure of loan money for their livelihood. Thus the economic structure of the country had been partially built upon a foundation of loans, and a difficult period of readjustment was necessary to enable Australia to adapt herself to their cessation.

Naturally the financial difficulties and the depression had a disastrous effect upon Commonwealth and State budgets. Budgeting in Australia has always been unsatisfactory in

\* See THE ROUND TABLE, No. 80, September 1930, pp. 863-868.



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its methods and, in the last few years, in its results. In recent years money has been spent on loan works before it was raised from the public. The loan programme for each year, was determined first and the Governments then sought to borrow the necessary funds. During the last few years they have been unable to borrow sufficient for this purpose by long-dated securities, but this fact did not cause them to restrict their expenditure to the funds actually available. The consequence was that the shortage had to be provided for by methods of temporary finance.

This, however, was not the only defect of Australian budgets. Before the war the erection of many public buildings was financed from revenue, but since the war such cautious methods of finance have been cast to the winds and these works financed from loan moneys. The consequent weakening in the budget position might be justified in a time of emergency, but the optimism of the Australian people has been so great that the period of unusual prosperity which has just passed was looked upon as the herald of an era in which the prosperity of the nation would permit this drift to be made good without difficulty. The canker spread to other branches of finance, and expenditure was relieved by the inadequate provision of depreciation, and even by the very dangerous expedient of capitalising interest. It is true that there were excuses—but there always are. Interest was capitalised mainly in connection with attempts to settle returned soldiers on the land, partly because the States hoped that the losses were temporary and partly because they thought that the Commonwealth might be induced to assume the liabilities.

Naturally this drift in Australian finance permitted the budgets to be apparently balanced with less taxation than was really required. Meanwhile the law of compound interest, deadly in its effect upon procrastinators, was accumulating a weighty burden for posterity to carry, that posterity of which so much was expected. Had the budgeting been more rigorous, and taxation collected when



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really required, it is highly probable that a voluntary halt would have been called to loan expenditure before circumstances forced it upon the Commonwealth. Even if Australia's luck had held good, she would have had difficulty in winning clear of her doubtful financing methods without some unpleasant consequences; but this was too much to expect. As it was, she weakened herself so greatly that she was in no condition to face the economic cataclysm that, in 1929, shook the world and strained the resources of the strongest nations. The economic storm which then burst formed danger zones in Australia, the Argentine and other countries producing raw materials. Wool, the main product of Australia, fell in price 45 per cent. between 1926 and 1930. Wheat, which was worth 6s. per bushel in 1926, was only worth 3s. per bushel in September 1930, while metal prices also collapsed. Falling prices brought to a head the growing dissatisfaction in London with regard to Australian securities. For some years London had been regarding the heavy Australian overseas borrowings, averaging about £30,000,000 per annum, with suspicion. Some fear was felt that the whole of this great sum could not be immediately made to earn interest, and, meanwhile, it was apparent that the country was loading itself with a great burden for interest and sinking fund which would tax its capacity to pay. In point of fact the burden of external interest charges was not so severe that it could not be comfortably carried. It is true that since 1919-20 increased borrowings and falling price levels had greatly increased the real burden, as measured by the external interest charges expressed as a percentage of the national income, but, nevertheless, in 1930 it was no greater than it was in 1908 and actually less than in 1901.\* However, the dislocation caused by the fall in the prices of exports, and the cessation of borrowing, made an abrupt readjustment of Australia's finances essential, and it was this which created most of the difficulties. While the value of exports fell by £45 million, from £144 million in 1928-29

\* See Dr. Benham, *The Prosperity of Australia*.



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to £99 million in 1929-30, external borrowings, which amounted to about £35 million in 1928-29, will probably be completely suspended for a few years except to fund floating debt., On this basis the value of imports which Australia can purchase abroad must be reduced from £144 million in 1928-29 to £63. or £62 million in 1930-31 after making due allowance for the increasing charges for interest.

As was to be expected, such a paralysing reduction in the income derived by Australia from abroad had disastrous effects upon Federal and State finances. The reduction in Federal revenue, due mainly to the fall in customs and excise receipts, was estimated at £10.5 million, which, with special charges of about £2 million, and the deficit of £1.5 million, left £14 million to be found by additional taxation or reduced expenditure. Some small economies had been made, principally in the Defence Department, but economies which involved a reduction in salaries, wages, pensions, or services other than defence, were not contemplated by the Government when it prepared its budget. Instead, the estimated shortage was to be made good by increased taxation, of which £5,700,000 was to be collected by means of new revenue duties under customs and excise, £5,000,000 by a sales tax of  $2\frac{1}{2}$  per cent., £1,000,000 by additional postage charges, and £850,000 by increased income tax rates, and £1,500,000 from a windfall of accumulated income arising from liquidations of ex-enemy properties, which should not, under ordinary circumstances, be reckoned as revenue.

In spite of the heavy reduction anticipated in Federal revenue, recent returns show that the estimates will not be realised, principally because insufficient allowance was made for the tremendous reduction in imports which will be forced upon the Commonwealth by the fall in the prices of her exports and the cessation of overseas borrowing. The receipts from the sales tax have been conservatively estimated and may result in more than the anticipated revenue, but will not produce sufficient to offset the shrink-



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age in customs and excise. A deficit of between £5 and £9 million is now seen to be probable, and the Federal Cabinet is trying to make up its divided mind how to meet the situation.

The budgets of the States for the year 1930-31 are not yet available, but it is known that, without economies or increased taxation, considerable deficits must be expected in most of them: Not only the Commonwealth but nearly all the States have had deficits for the last three years, and the depression will make the position during the current year more acute. Whereas in the case of the Commonwealth it is the shrinking revenue from customs and excise which is causing the embarrassment, in the States the decline in railway revenue is responsible for the major difficulties. The attempt to balance the Commonwealth budget was originally made on the basis of increased taxation, but when the budget is revised a reduction in expenditure is expected. The possibility of balancing budgets in the States by increased taxation alone is remote, and has been made more remote by the Federal budget; drastic reductions in expenditure have been foreshadowed and actually started in some States, the reductions proposed being in services, salaries and wages, though the rigidity of the Australian system of fixing wage rates by compulsory arbitration makes these variations difficult and slow—too slow to cope effectively with the rapidity with which economic conditions have been changing recently.

The budget position is difficult enough, but possibly the cash position is even more delicate. The deficits incurred in recent years by both Commonwealth and States have resulted in an accumulated deficit of about £22 million, largely unprovided for except by methods of temporary finance. As already indicated, the Commonwealth budget will need further action this year to avert a deficit. The States also have substantial budget problems, while, owing to the seasonal nature of tax receipts, there will be a considerable excess of expenditure over receipts during the



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early months of the year which will need to be met by methods of temporary finance. In addition to the budget deficits, loan expenditure in recent years has been in excess of amounts raised from the public. About £3 million of this excess has been financed locally by means of an unfunded floating debt, and £36 million in London by overdrafts and short Treasury Bills. All this money is practically at call and constitutes a very menacing feature of Australian public finance, the one alleviating factor being that of the £36 million borrowed in this way in London, £18 million is due to the Commonwealth Bank. The local money market has been strained to provide for the requirements of Governments in addition to meeting the very heavy demands of private industry, while the London money market has regarded Australian securities with such suspicion that the funding of the floating debt has been impracticable. Substantial deficits in the budgets, especially in the Commonwealth budget, complicate the position, and have created a fear that a way out might be attempted through a policy of inflation. Such a policy has been advocated in Labour circles, but it is not supported by the responsible leaders of the Federal Labour party, nor would the Commonwealth Bank countenance it. Rapid deflation is regarded as a safer course, but it is felt that hasty action in this direction would intensify the present depression. Official discussions are at present centred round a proposal for a stabilisation of the price level involving an increase in the exchange rates and a fall in real wages.

In order that the financial position of Australia in the London money market might be sufficiently improved to permit the raising of a funding loan, the Commonwealth Government requested the Bank of England to assist it by sending a representative to Australia who could advise the Governments how best to readjust the affairs of the nation to its altered economic condition. The representative sent by the Bank in response to this



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request was Sir Otto Niemeyer, who brought with him Professor T. E. Gregory and Mr. R. N. Kershaw. Sir Otto met the Loan Council on August 5, and gave the Treasurers of the Commonwealth and the States some very frank advice on budgets, debts and the economic situation generally. He told the Treasurers that they should jointly and severally undertake to balance their budgets in the financial year 1930-31, in which event he hoped that the London money market would be induced to look more favourably on Australian securities, and the funding of the floating debt thus be made possible. The meeting was adjourned to August 18 to give the Treasurers of the States an opportunity to gain the support of their respective Governments for the undertaking suggested by Sir Otto. To the meeting on August 18, which was enlarged by the attendance of the Premiers of those States who did not happen to be also their Treasurers, Sir Otto Niemeyer repeated his frank advice, and stressed the importance of a realisation of the fact that the balancing of the budgets was only the first step in economic readjustment. He pointed out that if the economic position of Australia was to be permanently restored, fundamental changes in the organisation of her affairs were essential. Australia would have to reduce her costs of production and adjust her price level to that prevailing in other parts of the world, even if the process meant the sacrificing of some of her high standards of living.

The outcome of the conference was that the Commonwealth and the States gave the undertaking suggested, though in the case of South Australia the position was considered to have been made so difficult by the pressure of the high protectionist policy of the Commonwealth on her primary industries, and a succession of adverse seasons, that the Commonwealth was induced to provide special assistance to enable the budget to be balanced and the undertaking given. It was also agreed that, if during any financial year there were indications of a failure of revenue to meet expenditure,



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immediate further steps were to be taken to ensure that the shortage would be made up. Resolutions were also carried providing that the balancing should be effected on such a basis as would be consistent with the repayment or conversion in Australia of existing internal debt maturing in the next few years ; that no further overseas loans are to be raised until after the overseas short-term indebtedness has been completely dealt with ; and that, as regards loans raised internally, they are to be restricted to works which will yield sufficient revenue to cover interest and sinking fund on the debt. It was also agreed that monthly statements should be published showing the budget revenue and expenditure, the position of the short-term debt, and the state of the loan account. Finally, it was decided that, in order to make these resolutions effective, a heavy reduction in both ordinary and loan expenditure would be necessary, involving substantial sacrifices on the part of all sections of the community.

In order that the above plan might achieve results, and not merely end in good intentions, a standing committee, consisting of the Treasurers of the Commonwealth and three of the States, was appointed to watch its operations. The task which lies ahead of this committee and the State Treasurers is one of the utmost difficulty, which is increased by the political unpopularity which must be incurred ; but upon its success depends the financial rehabilitation of Australia.

Meanwhile the Labour Governments of the Commonwealth, Victoria and South Australia are finding difficulty in giving effect to the resolutions of the conference. The support of the caucus for the necessary economies and taxes is not being readily acquired, while on August 29 the executive of the New South Wales branch of the Australian Labour party condemned the resolutions and recommended the abolition of the Loan Council. A reduction in rates of interest and in war debts due to the Imperial Government were the suggested remedies for the economic



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difficulties. A resolution in favour of the repudiation of war debts was recommended by a committee representative of the industrial and political wings of the Labour movement but was not endorsed by the executive, apparently partly because of the unfortunate political consequences which it was thought that such a step might have in the approaching State elections. The Australasian Council of Trade Unions, meeting in Melbourne on September 9, issued a manifesto to a similar effect, but likewise did not commit itself to a policy of repudiation. However, it proposed the raising of an additional £20 million for loan expenditure, presumably by means of inflation. On September 13 a special conference of the Victorian branch of the Australian Labour party vigorously criticised the Victorian Government, while the conference of the South Australian branch, held on September 15, did not refrain from interfering with some vital parts of the Government's policy. The events of the next few months will, perhaps, decide the debatable problem whether a Labour Government is the Ministry, the caucus, the Australian Labour party conferences or the Council of Trade Unions. There is recognition of the power of the caucus, but the power of the party conferences and the Council of Trade Unions is less definite, while there are indications that the Labour Governments may have the courage to circumvent resolutions carried by the extra-parliamentary bodies.\*

Australia,

October 3, 1930.

\*The event has justified this statement. The Labour caucus having, among other things, demanded the postponement for a year of the redemption of £27 million of internal debt due in December, Mr. Lyons, the acting Commonwealth Treasurer, threatened to resign. Mr. Scullin has emphatically refused to sanction postponement, and the Loan Council has decided to issue a conversion loan to meet this obligation, Mr. Lang, who won the New South Wales election in October, alone dissenting; he is now reported to have withdrawn from the Council. But, even if Labour splits, Mr. Scullin's position would be secure with the help of the Opposition.



## SOUTH AFRICA

### I. HARD TIMES

**L**ITTLE need be said of the depression. It is world-wide, and South Africa as a primary producer feels it acutely. Mealies, cattle, tobacco, wool, diamonds, everything is down except, possibly, specially favoured sugar and the gold that all the world desires. Indeed, a small gold premium, the first for some years past, has just been recorded, and the dependence of South Africa on its gold mines has been emphasised by the fact that during the past nine months a record has been reached in the number of their employees: 22,000 Europeans and 207,000 natives. But, generally speaking, stringency prevails in private and public affairs. The state of things is naturally reflected in the Union's budget. It provided for a net deficit for the year 1930-31 of £425,000; the figures for the first six months suggest that, even when a generous estimate has been made of the inflow of revenue during the second half of the year, the actual deficit will not be far short of £2,000,000. Income under every important head is far less than it was in the preceding year, and, to make matters worse, the increase of expenditure has already greatly exceeded the modest anticipation. The bulk of this increase is due to the needs of the provincial administrations, always our financial barometer.



# Discretionary Administration in the Union

## II. DISCRETIONARY ADMINISTRATION IN THE UNION

**B**AD times may have their compensations if they draw attention to the present state of parliamentary control over the money-bags. The origins and very being of Parliament lie in finance. This truth was well understood by the old Cape Parliament on which the Union Parliament is modelled. But for a long time past, an uneasy suspicion, growing now to a conviction, has been abroad that control of expenditure has been slipping out of parliamentary hands. From one point of view, this is simply to say that our Parliament shares the weakness of all such bodies, which must wrestle nowadays with a mass of business such as was never contemplated when their machinery and methods were perfected. But there is more in it than that. It cannot be repeated too often that though the machinery of the Union Parliament is based on that of the Cape, which in turn was borrowed from Westminster, the spirit which informs it is to a great and growing degree drawn from quite other sources. The Cape alone of the South African provinces had a long experience of British parliamentary methods. Natal's was short, on a small scale, and troubled by war and rebellion; the Transvaal's and Free State's were markedly different. Their Volksraad system made a clean cut between executive and legislature, except that elected Volksraad members found seats on the Executive Council. The Volksraad exercised but an intermittent control over the expenditure of money once voted, the executive had wide and practically unchecked powers. The Crown Colony regime that followed the fall of the Republics, from 1902-7, accustomed men still more to freedom of official action.

Since union, for a variety of reasons, Transvaal methods and traditions have tended to dominate South Africa. This is true of native policy; it is to a great extent true also of



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finance. There is no question here of imputing moral obliquity to members of either House, nor to any of the successive Ministries that have held office since 1910, still less to the civil service which deservedly enjoys a high reputation for probity. Nevertheless, successive reports by the Auditor-General show that all is not well in the matter of control; nor can much comfort be extracted from the parallel reports of the Committee on Public Accounts.\* That Committee has deprecated "the growing practice of adopting illegal courses in anticipation of legislation, which strikes at the root of parliamentary control." In face of that, it is useless for officials to explain that no Minister would sanction such an admittedly dangerous step "but in a particular instance where the law has not properly conveyed the mind of Parliament." For, surely, it is not for Ministers or officials to decide how much of the law they shall or shall not carry out, still less to presume to interpret to the electorate the mind of Parliament, especially while Parliament itself is sitting, as was the fact on one notable occasion. Again, the transfer of amounts within the same vote from one sub-head to another is very freely employed with only *ex post facto* sanction and often for considerable sums, and the Treasury frankly admits that the size of the surplus often determines whether capital expenditure shall be charged to loan or to revenue account.

This is a land in which regulations framed in accordance with skeleton Acts already bulk larger than the statute law. The Auditor-General laments a growing tendency (the disquieting fact is that so many of these things seem to be growing) for officials who hold powers delegated to them by Parliament to delegate these powers to subordinates often with authority to depart from their own regulations "in exceptional circumstances," even to the extent of destroying the sound rule that regulations must be uniform and apply

\* *Vide* S.C. 1b of 1926, pp. xxii-xxiii and 305-9; S.C. 2 of 1930, pp. 19-20 and xxviii; U.G. 44 of 1929, pp. 40-41.



## Discretionary Administration in the Union

to all the members of a class. Such departures may be, as some officials plead, not a question of law but of "sensible administration." That has always been the plea of the permanent official anxious to get on with the job and impatient of inept control. But it is a highly dangerous plea, even when to it is added the reminder that "small matters only are involved." The best of institutions unchecked degenerate, and, if human experience counts for anything south of the equator, it is safe to say that sensible administration in contravention of parliamentary law and practice will end with bureaucratic oppression. The road may start at Pretoria, but it leads to Byzantium.

The root of the trouble lies in the slack financial tradition which is widely diffused through Parliament and its electorate. The Auditor-General complains that for years past the Committee on Public Accounts has never completed the discussion of his full and courageous reports. It is also noteworthy that the Committee as a rule only presents its comments on those reports at the fag-end of the session, and that Parliament rarely does more than deal with isolated points that have a party, or even personal, rather than a constitutional significance. Admittedly the Mother of Parliaments does not discuss the reports of its committee so fully as it ought ; but there the chairman of the committee is always a member of the Opposition, and a resolution of the committee passed in two successive sessions is by custom accepted as binding on the Treasury watchdog. In the Union both these admirable safeguards are lacking, and leading departments even decline to consider as binding the opinions of the Law Advisers.

This free and easy, almost personal, method of dispensing the loaves and fishes is in keeping with the inveterate and, in many ways, disarming South African habit of regarding every case as a special case ; but it leads to the demand for sympathetic administration which is death to systematic and even-handed administration. Perhaps it is this which partly explains the recent statement of the chairman of a



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commission which is inquiring into our old age pensions, that the expenditure thereon has exceeded the official estimates by half a million.

The tendencies towards discretionary government in place of the parliamentary rule of law displayed by our national administration are all the more dangerous because the vast majority of the inhabitants of the Union are already under a growing weight of official control. Enough has been said in these pages to show that the general trend of native legislation since the Union of 1910, as touching land, labour, urban residence and the rest, has been to put the mass of the Bantu of all ranks, classes and conditions more and more at the mercy of officials and less and less under the protection of the Common Law. The major Bills announced in 1926,\* notably that for the destruction of the Cape native franchise, still await enactment, though the grant of the vote to European women almost certainly brings the destruction of that franchise nearer. Two new laws will serve to show the tendency. By the Native Administration Act of 1927 all Bantu outside the Cape Province were put under the Governor-General, that is, of course, the Ministry of the moment. This authority has been clothed with all the powers that the Governor of Natal used to have under the peculiar Natal system which was based on the militarised Zulu law, in the mistaken belief that that was typical of Bantu law generally. But the essential point is this. The Governor-General may, if he so desire, exempt a native from this control, but he may also cancel that exemption without any cause shown. Further, under the Riotous Assemblies Act of 1929, as has been explained previously,† the Minister of Justice is given wide and very inadequately checked powers over freedom of speech, publication movement and public meeting. Avowedly this measure is intended to deal with native agitators among the Bantu.

\* THE ROUND TABLE, Nos. 62, 66, 75, 78. March 1926-March 1930.

† THE ROUND TABLE, No. 78, 79, March and June 1930.



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of voluntary pools and individual merchants. And, on past experience, it would be likely to be expensively administered. One leading newspaper pilloried the proposal as an attempt "to entrench a phase of socialism into the economic structure of a nation which is supremely democratic and individualistic." As a description of a country which numbers compulsory arbitration, government railways, and the sugar bounty amongst its achievements, the description comprised in the last six words must be unique. The Bill would have pressed hardly on the finances of Western Australia, with her small local consumption and her relatively large export of wheat. A fall in world prices would have involved that State in vast losses on account of the guarantee.

Convinced by these and other arguments, the Senate defeated the motion for a second reading. The Minister for Markets in acknowledging the defeat of his measure has since said that it will be impossible to re-submit the Bill in time to make it operative for the coming season.

The farmers have reacted to the defeat of the Bill in different ways. Some of them appear to be content. Others are angry with the Senate. Meantime, as an interesting sidelight on the financial aspect of the Bill, it appears that the Government of New South Wales has sought to negotiate a guarantee to the growers of 3s. per bushel for the coming harvest by means of a State pool. But the best terms it could obtain from the Commonwealth Bank were a promise to advance 80 per cent. of the market value of the crop at the opening of the marketing season, this rate (f.o.b. Sydney) to be subject to handling charges amounting to 8d. per bushel. In Victoria, a government proposal for a State compulsory pool has failed to obtain the support of a sufficient majority of wheat growers to bring it into operation.\*

\* The complications and anxieties arising from pools, holding over, and government and banking guarantees, may be studied in the case of Canada. (See THE ROUND TABLE, No. 79, June, 1930, pp. 606-620.)



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The Scullin Government, having been elected on a pledge to retain compulsory arbitration, brought in a new Arbitration Bill. Readers of THE ROUND TABLE will remember that the Bruce Government carried a new Arbitration Act in 1928.\* This Act tried to do three things. It endeavoured to prevent the overlapping of Federal and State tribunals; it imposed heavy penalties upon organisations breaking awards; and it tried to further the principle of conciliation. The Scullin Government's Bill may be summed up as an attempt to support the first and third of these ideas, while abandoning the second. This is, of course, a very rough summary. Not unnaturally the amending Bill of 1930 leaned towards Labour. It enjoined greater preference to unionists. It eliminated the clauses of the 1904-28 Act which directed judges to take account of the economic position of an industry when they were making an award. It took away the power of the Court to cancel awards as a punishment for strikes and lock-outs. It retained the clauses of the Bruce Act providing for Conciliation Commissioners. But it gave them power to make awards and it forbade any appeal to the Arbitration or other Courts from a Commissioner's determinations.

Naturally such a Bill encountered much opposition, and the Government was wise enough to accept amendments even in the House of Representatives. The measure therefore came to the Senate in a slightly amended form. That Chamber passed the second reading and proceeded to a wholesale revision of the Bill in Committee. It was an entirely different measure by the time the Second House had finished with it. The Senator in charge of the Bill described the plight of the Government in the Senate as that of a "hopeless, helpless, well-meaning minority." On the return of the amended Bill the Government at first seemed inclined to challenge the Senate, but the matter ended in a joint conference of "managers" from each House at which a working compromise was threshed out.

\* THE ROUND TABLE, No. 72, September, 1928, pp. 870-3.



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The Ministry accepted 26 of the Senate's amendments, many of them being machinery clauses. Several modifications were agreed to, and compromises were reached on a number of questions.

In brief, the chief changes are these. Appeals are allowed from a Commissioner to the full Court of the Arbitration Court. The High Court of Australia is to determine finally matters involving constitutional questions. The clause enjoining preference to unionists is modified by the addition of the words "other things being equal," which words were part of the Bruce Act of 1928. The 1928 Act gave the Court power to order a secret ballot of any organisation upon any matter "of substantial importance" if ten members of the organisation requested it. The 1930 Bill repealed this clause. The Senate put it back again. The Conference agreed to leave to the Court the power of ordering a secret ballot. It further agreed to eliminate penalties for individual picketing, but imposed a penalty (reduced from £500 to £100) on organisations which penalised their own members for working in accordance with an award. The general effect of the changes would seem to be that the Bruce Act of 1928 has been modified in its penal aspects, while the area of conciliation has been widened. The Government, in presenting the amended Bill to the House of Representatives, made it clear that it did not meet their wishes. But they recommended it on the principle that the good should not be the enemy of the best.

During these Parliamentary conflicts the culmination of the affair of the Mungana leases had deprived the Government of its ablest member, Mr. E. G. Theodore, the Commonwealth Treasurer, formerly Premier of Queensland. For a long time disquieting stories have been current in Queensland about the purchase by a former Labour Government of certain mining leases at Mungana. As far back as October 1927, the deputy leader of the anti-Labour Opposition in Queensland asked the then Labour Premier, Mr. William McCormack, for an inquiry into this



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purchase. He alleged that grave suspicions rested on Mr. McCormack himself and on other members of the Government past and present in that they had "wrongfully used their public positions for the purpose of the acquirement of private gain." Mr. McCormack refused this demand for an inquiry more than once. When the Labour party was turned out of office in 1929 it was known that the new Government would institute an inquiry. This was delayed to allow the ex-Premier, Mr. McCormack, to go abroad for health reasons. On his return the Moore Government appointed a retired judge of the Supreme Court of New South Wales, Mr. Justice Campbell, as Royal Commissioner to conduct the inquiry. Mr. McCormack was summoned to give evidence, and forwarded a medical certificate. Early in the inquiry Mr. Theodore asked to be allowed to give evidence, but it was not convenient to hear him at that stage. Later, when summoned, he said that his duties as Treasurer prevented him from coming to Queensland, and gave no indication of his intention to make any effort to appear within a reasonable time. The inquiry was concluded without his evidence as well as without that of Mr. McCormack, and the Commissioner made his report, which included the following grave findings :—

Men who occupied high and responsible positions in the State betrayed, for personal gain, the trust reposed in them and acted corruptly and dishonestly. Theodore, McCormack, Reid (from whom the Mungana leases were bought), and Goddard (the general manager of the Chillagoe Smelters), were collectively and severally guilty of dishonest exploitation of the State in the sale to the State of the Mungana mines for £40,000.

It was established on unimpeachable evidence that Theodore received, promptly and regularly from time to time, one-half of McCormack's share of the fruits of the Mungana transaction.

There was only one reasonable conclusion. Theodore was a party from the beginning.

This report was published on Friday, July 4. On the next morning Mr. Theodore resigned his office as Treasurer.



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On July 8 he made a public statement from his place in the House of Representatives. It was a highly emotional pronouncement, denouncing the proceedings and attacking the Commissioner in violent terms. Then, in wiser vein, he ended :—

If I am guilty of a tithe of the things contained in the report, then I am not fit to be a member of this House. If I am not guilty then I have the right to clear my name from the tarnish upon it. I do not want any further Royal Commission. I ask for a fair trial, and I venture to say that that can only be afforded me by the Attorney-General of Queensland presenting an indictment against me.

There the matter rests for the present. The Queensland Government sought legal advice on the question of the institution of criminal or civil proceedings against the persons implicated. Criminal proceedings are unlikely in view of the restrictions on the admission of evidence in a prosecution, and even civil proceedings presented difficulties which the Government has now sought to remove by amendments of the Crown Remedies Act. Mr. Theodore expresses impatience at the postponement of the opportunity to vindicate himself before a jury. On the other hand, he has not availed himself of the initiative that lies with him for instituting proceedings for defamation against journals which make no secret of their desire to afford him the opportunity he claims. There has been little disposition on the part of political adversaries to make party capital out of the incident. Mr. Theodore had a reputation for grasp of affairs, and was credited with being a steadying influence in the Ministry, particularly in resistance to the inflation policy popular with the left wing of his party. There is among responsible persons also the consciousness that restraint in comment is proper so long as it appears probable that judicial proceedings are pending.

During the last session of the Commonwealth Parliament a Bill making provision for a Central Reserve Bank was passed by the House of Representatives. The important



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features of the Bill may be summarised as follows : (1) The Bank was to have an initial capital of £2,000,000 transferred from the Commonwealth Bank. (2) The Bank was to control the note issue and perform all the functions of a Central Bank. It was not to make advances against land or engage in ordinary trading operations. (3) All banks in Australia were to maintain cash reserves at the Bank of not less than 10 per cent. of their time deposits and 3 per cent. of their demand deposits. (4) The Bank was to be controlled by a Board of Directors consisting of the Governor (who was to be the manager), two Deputy-Governors, the Secretary to the Treasury and four other persons, all to be appointed by the Governor-General-in-Council. (5) The Bank was to hold reserves in gold or short-term securities amounting in the aggregate to not less than (a) 25 per cent. of notes issued ; (b) 25 per cent. of deposits up to £20 million, and 50 per cent. of deposits above £20 million. Half of the legal minimum reserve was to be held in gold in Australia and half might be held in London. The Senate referred the Bill to a select committee which took evidence from banking experts and issued a progress report on August 5.

The Committee stated : (a) That witnesses were unanimous upon the need for a Central Bank in Australia "as a desirable adjunct to the financial system." (b) That with one exception the witnesses "were opposed to any drastic change during the present critical period." (c) That strong exception was taken to some features of the Bill, notably the method of appointing the Board and the powers of the Bank to make advances to Government and public bodies. The Committee took the view that the immediate establishment of a Central Reserve Bank would not serve a useful purpose at present, and that "nothing but harm could result from ill-considered action." It recommended that the time for presenting a final report be extended until "the second Thursday upon which the Senate meets after the forthcoming adjournment." The



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Liberals—especially in Quebec—it undoubtedly attracted many independent and even Conservative voters. The Conservatives charged the Liberals, however, with an eleventh-hour conversion to a policy of tariff reprisals against the United States, and Imperial trade co-operation, and urged that if such a policy was necessary for the country's recovery to economic health, it was better to entrust its evolution to the Conservatives who had persistently advocated it. On the other hand, the Liberal strategy of sailing on the Imperialist tack probably drove Mr. Bennett further towards the position of champion of economic nationalism. Time and again in his speeches he declared that, while he yielded to nobody in his devotion to the Commonwealth, his primary concern was the interests of Canada, which must not be sacrificed either for Britain or New Zealand, or any other British country. It was predicted in the last issue of *THE ROUND TABLE*\* that this "Canada First" policy could scarcely fail to make a great appeal to the French-Canadian voters, and its success in this quarter was aided by the fact that the Conservative party had at last found a leader who could disclaim any responsibility for its policies of the war years. There had grown up, moreover, in French Canada a new generation of voters to whom the conscription issue meant little or nothing, and who were ready to vote upon the issues of the day and their merits. Indeed, there have been in recent years few healthier signs in Canadian politics than the refusal of the French-Canadian voters to be stampeded by the last-minute effort of *La Presse*, the great French-Canadian Liberal daily, to revive the conscription bogey by the publication of sensational despatches from London. The polls revealed that it could not have changed a single vote in Quebec, and it did considerable damage to the Liberal cause in other provinces.

But economic issues like unemployment and the tariff were by no means the only determining factors in the

\* See *THE ROUND TABLE*, No. 80, September 1930, p. 854.



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election. In the prairie provinces the anti-Catholic sentiment, which had been responsible for the emergence of a Canadian Ku Klux Klan organisation and the defeat of the Liberal provincial administration in Saskatchewan in June 1929, survived to operate strongly against the Liberal Government, which was accused of being under the thumb of Roman Catholic influences ; and one Minister declared that his first forebodings of defeat came when he saw a parade of five thousand embattled Klansmen in the streets of Regina. Meanwhile, some of the leaders of the Irish Catholic element in Canada had reached the conviction that it was the racial aggressiveness of the French-Canadian Catholics which was bringing the Roman Catholic religion into bad odour with Canadian Protestants, and that the termination of the supremacy of the Liberal *bloc* from Quebec at Ottawa would be in the best interests of their church. So it is now an open secret that in scores of constituencies the Irish Catholic vote, which had in all recent elections been predominantly Liberal, was quietly marshalled against the Government and turned the scale for the Conservatives in numerous seats. Now, the leaders of the Roman Catholic Church in Quebec could not fail to be apprised of these developments, and apparently the decision was reached that, since the desertion of the Irish Catholics must seal the fate of the Liberal Ministry, the time had come to place a strong garrison from Quebec in the councils of the Conservative party. So the success of the Conservative campaign in Quebec was undoubtedly hastened by the friendly benevolence of the local Catholic hierarchy. For the first time for nearly twenty years Conservative candidates in Quebec discovered themselves receiving real encouragement and practical assistance from a large number of Catholic clergy, and they also found their meetings well attended at places where a few years ago they could not collect a corporal's guard of supporters. They also found very effective ammunition in the dairying districts of Quebec in the heavy imports of cheap New



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Zealand butter, which had depressed local prices and caused great discontent. One defeated Liberal member complained after the election that Conservative orators who had toured the eastern townships of Quebec had made "a pound of New Zealand butter look as big as a house in the eyes of the Quebec farmers!" So a series of circumstances combined to work a remarkable change in Conservative fortunes in Quebec, and it was unexpected gains in that province, bringing its Conservative representation at Ottawa up to its highest level since the general election of 1891, which gave Mr. Bennett his commanding majority.

New Zealand butter also proved a sad stumbling block to Liberal candidates in Ontario and the western provinces, and contributed to the Conservative gains in these regions. Liberal Ministers endeavoured to make the question of Canada's representation at the Imperial Conference a leading issue, arguing that it would be against the interests both of Canada and the British Commonwealth to entrust it to Mr. Bennett, who was denouncing both increases in the British preference and the trade arrangements with Australia and New Zealand; but only in one part of the country did this line of tactics meet with any success. It happened that not only were the trade arrangements with Australia and New Zealand popular with the business interests of the seaboard of British Columbia, but criticisms of the British preference were unpalatable to the large British-born element which resides in the province and has usually voted Conservative, and as a result the Conservatives—while victory was perching upon their banners everywhere else—lost all four seats in Vancouver City as well as the adjacent constituency of New Westminster, and were completely swept out of what was regarded as one of their safest strongholds. The Liberals had also the satisfaction of winning the first seat in Toronto which they had secured since 1895. These consolations, however, did little to mitigate the sting of the general defeat, and the event proved that the election had been held under



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conditions which made the Government's defeat almost inevitable. After the election was over, the *Manitoba Free Press*, analysing in an editorial the causes of the Liberal *débâcle*, declared that the manner in which Mr. Mackenzie King had allowed himself to be jockeyed by Mr. Bennett into accepting battle at a season and under conditions almost as unpropitious for success as could possibly be found, would be recorded in text-books on political strategy as a warning to future Prime Ministers.

Immediately the result of the polls was known, Mr. Mackenzie King tendered his resignation, and Mr. Bennett was entrusted with the task of forming a new Cabinet. The Conservative Ministry, which assumed office on September 8, is a presentable array of politicians, in which a good deal of new blood is blended with some ripe experience; and it had on the whole a very favourable reception from the country. It was counted greatly to Mr. Bennett's credit that he excluded certain *passés* veterans of his party who had been pressing their claims to office. Mr. Bennett's greatest problem concerned the Ministry of Finance, for which no suitable occupant had been elected to parliament, and he solved it temporarily by taking charge of the department himself in addition to the Ministry of External Affairs. The arrangement, however, is only temporary, and it is understood that he has hopes, after he returns from the Imperial Conference, of enlisting the services of a well-known Canadian banker for the post. Sir George Perley, who was a member of the Borden Ministry and served as High Commissioner during the war years, has entered the Ministry without a portfolio, and his long political experience will be a useful asset to it, while Mr. Bennett has drawn from the provincial field a valuable recruit in Mr. Edgar Rhodes, who was once Speaker of the House of Commons at Ottawa, but since 1924 has been Premier of Nova Scotia. Other prominent members of the new Ministry who have previously held office are Mr. Hugh Guthrie (Justice), Mr. H. H. Stevens



## The General Election

(Trade and Commerce), Dr. R. J. Manion (Railways) and Senator G. D. Robertson (Labour). With the merits of these statesmen the Canadian public is thoroughly familiar, but more interest attaches to Mr. Bennett's bold experiment of bringing into his Cabinet four members who have never before had any parliamentary experience. Two of these ministerial novices, M. Duranleau (Marine) and Mr. Dupré (Solicitor-General), hail from Quebec, and Mr. Bennett was very fortunate in finding that the fortunes of the polls had thrown up for him a number of members capable of providing French Canada with very creditable representation in a Conservative Ministry.

Having formed his Cabinet, Mr. Bennett proceeded to fulfil his election pledge of summoning a special session of parliament to deal with the unemployment situation as a national emergency, and, thanks to the co-operation of the Liberals, the new parliament met on September 8. It only sat for about a fortnight, but during that brief space the Government secured authority for a vote of twenty million dollars for public works designed to provide work for the unemployed during the winter. The Liberals offered no serious objection to this vote, and contented themselves with demanding certain safeguards against the wasteful application of the money, and its use as a form of political bribery. Mr. Bennett also fulfilled another election pledge by introducing a comprehensive measure of tariff revision, which substantially increased the existing duties on a long list of commodities, including textile goods, agricultural implements, electrical equipment, etc., and which aimed at providing certain Canadian key industries with more adequate protection than they have enjoyed for many years. The changes also made substantial inroads upon the British preferential rates; but Mr. Bennett defended his policy on the ground that it would provide additional work for at least thirty thousand people during the winter, and assist in the alleviation of unemployment. The Liberals, however, took strong exception to this move



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for higher protectionism, and argued that the changes were being conceived and carried out in unseemly haste, and would impose serious burdens upon, not only the consumers, but the great natural industries. Mr. Mackenzie King charged the Government with adopting "Star-Chamber" methods to change the tariff for the benefit of certain favoured industrial interests, and when he moved a condemnatory amendment, the Liberals had the almost solid support of the Progressives and Labourites. The Opposition groups could have held up the passage of the tariff measure long enough to have prevented Mr. Bennett attending the early sessions of the Imperial Conference, but they desisted from obstructionist tactics on receiving a pledge that all the tariff changes which were made at the special session would be submitted to the review of parliament when the regular session took place. So Mr. Bennett was able to secure prorogation on September 20, and to make arrangements to be present at the opening of the Conference on October 1. The new Ministry has undoubtedly manifested a zealous vigour in tackling the unemployment situation, but it remains to be seen whether its measures will bear the anticipated fruit.

## II. THE ST. LAWRENCE WATERWAY

TO advocates of the improvement of the St. Lawrence waterway, progress towards a completion of the scheme has been exasperatingly slow during the past two years.\* The situation has, however, been exceedingly complex, and blazing a pathway through the tangle of conflicting interests, political and economic, was almost certain to be a time-wasting process. The proposal includes the construction of a twenty-seven foot channel for navigation above Montreal and the development of

\* See THE ROUND TABLE, No. 72, September 1928, for a discussion of the situation at that time,



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almost five million horse-power of electrical energy between Montreal and Lake Ontario. This association of plans for both power and navigation adds immensely to the attractiveness of the whole scheme in the long run, but it has made the framing of a satisfactory solution much more difficult than it otherwise would have been. Several issues have been raised, the importance of which was not foreseen originally by either opponents or advocates of the project, *e.g.*, the question of how far Canada and the United States should co-operate in constructing the work, the problem of dividing costs, the relative merits of public and private ownership and distribution of power, and the rights of federal governments as opposed to provinces and States.

The question of Dominion and provincial rights forced itself into the foreground in 1928. In both Canada and the United States it has been generally recognised that the interests of inland navigation were constitutionally within the sphere of the federal government, while supervision of the development of hydro-electric power comes under the control of provinces and States. The international section of the river, capable of developing two million horse-power, has Ontario on one side and the State of New York on the other; the all-Canadian section, with about three million potential horse-power, runs through the province of Quebec. With determined opposition to the navigation scheme from Premier Taschereau of Quebec, and with an apathetic interest on the part of Ontario, it appeared in 1928 that the Dominion government could not safely move towards a treaty with the United States, unless it first reached an agreement with the two provinces on certain points touching the ownership and control of the waters. With the consent of the provinces it was decided, therefore, to submit a list of questions to the Supreme Court of Canada, and in September, 1928, the hearing took place, with an eminent array of legal talent on both sides. Ten questions in all were



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submitted. The Dominion government made sweeping claims to the ownership of the water in navigable rivers, while it admitted the right of the provinces to develop power from the surplus water not required for purposes of navigation—the Dominion, however, to be the judge as to how much water might be required for navigation at any time. During the hearing it became apparent that the questions were of such a nature as to make categorical answers impossible, and when the opinion of the Court was handed down in February 1929, the answers were so indefinite that they provided no settlement of the issues between the Dominion and the provinces. The general consensus of opinion was, in fact, that little progress had been made, and it appeared that the final solution of these difficult questions of jurisdiction and property could be framed, not by approaching the matter from the point of view of strict legal rights, but only by a meeting of the interested parties, at which a practical settlement, based probably on compromise, could be worked out.

Meanwhile, the efforts of certain groups of capitalists to obtain concessions for the development of hydro-electric power were reaching a climax. Power may be developed in three of the five sections of the river between Montreal and Lake Ontario, but of the three the Beauharnois section was the centre of interest. The development at the Lachine rapids immediately above Montreal, where about a million horse-power could be produced, will be very expensive. The two million horse-power of the international section will be divided between Ontario and the State of New York, and a treaty must therefore be made before the development can take place. Moreover, sentiment in Ontario is strongly in favour of the public ownership and distribution of power. It was plain, therefore, that the Beauharnois section, lying wholly within the province of Quebec, was the first great prize worth striving for. Two groups were especially interested, behind each of which were mobilised powerful industrial and



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financial supporters. The first had at its head Sir Herbert Holt and Mr. J. H. Gundy. The other was directed by Mr. R. O. Swezey, who, in 1926, obtained control of the Beauharnois Light, Heat and Power Company, which claimed the right to the development of the power in the Beauharnois section. Rumours were rife with regard to the struggle that went on between these two groups. The stakes were high, especially as the charter would probably provide a precedent for further grants of water power later on. The question of providing a deepened channel for navigation was, to some extent at least, used as a pawn in the game of propaganda and discussion. Both sides offered to construct works for navigation in return for power rights, and at one point it was announced in the press that the Holt-Gundy group would be willing to present to the country, free of cost, a deep channel from Lake Ontario to Montreal in return for the right to develop the four million horse-power which is Canada's share of the potential energy of the river. The fight went on largely behind closed doors, however, and very little reliable information was given to the public.

The Beauharnois company gained the first victory when it obtained in 1928 from the government of Quebec a charter, good until 2003, for the diversion of 40,000 cubic feet of water per second from the river for the purpose of power development. The company pledged itself to construct a canal 27 feet deep and 600 feet wide at the bottom for purposes of navigation; it agreed not to export any of the power; and it is to pay an annual rental to the province of \$50,000 and an annual royalty of \$1.00 per horse-power. It plans to develop 200,000 horse-power by October 1932, and its maximum of 500,000 horse-power by October 1934. The Dominion government, if it takes over the ship canal, must provide the locks and other works necessary for navigation. The company, after its success at Quebec, applied for ratification of its charter by the Dominion government. On January 15, 1929, a public hearing was



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held at Ottawa, and there was powerful opposition to the company's request. Finally, however, on March 8, an Order-in-Council ratified the charter.

During the period when the request of the Beauharnois company was before the public, there was a very sharp difference of opinion as to the probable effect of the ratification of the charter on the St. Lawrence project. It was viewed with disfavour by most of the advocates of the deepening scheme, although the canal promised by the company was to conform to the specifications of the joint board of engineers appointed by Canada and the United States. Advocates of the deepening scheme felt, however, that to ratify the charter would be to commit Canada to a policy of dealing with the whole project piecemeal, and to a subordination of the interests of navigation to the rivalry as regards power. Friends of the Beauharnois proposal argued, on the other hand, that ratification of the charter would mean a definite beginning of the construction of a deep channel, and the government of Quebec, in spite of its previous opposition to the deepening scheme, would in this way eventually be brought to agree to it. A decisive factor in gaining ratification for the charter was apparently the attitude of Premier Ferguson of Ontario. The government and the Hydro-Electric Commission of Ontario agreed that the Commission would purchase a large block of power from the Beauharnois company at a price of \$15.00 per horse-power. Some two years earlier the Commission had approached the government at Ottawa with a plan for the development of power in the Ontario section of the river, but this proposal was allowed to rest in abeyance. Premier Ferguson was charged by some with a virtual betrayal of the principle of public ownership in Ontario, although he has always appeared friendly towards the Hydro-Electric Commission. Whatever his motives may have been, and there was a good deal of speculation regarding them, probably both he and Premier Taschereau were glad to be in agreement. The two



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provinces would thus present a solid front in the conference which was to take place with respect to the rights of the Dominion and provincial governments in the river.

On February 26, 1929, Mr. Mackenzie King announced in the House of Commons that he was endeavouring to arrange this conference, and the conversations finally took place in the first few weeks of the present year. In these conversations the Dominion government did not press the extreme claims which it had put forward at the Supreme Court hearing. It stated that it had no desire to go into the power business, and that it would be willing to accept whatever arrangements the individual provinces might care to make for the development of power, provided that the prior rights of navigation were respected. It appeared that a practical settlement of the difficult questions of jurisdiction and ownership would be possible on this basis. The details of a final decision were not worked out, however, before the precipitation of the general election. During the election campaign questions of tariff and unemployment overshadowed the St. Lawrence project, but Mr. Bennett committed himself, as Mr. King had previously done, to statements favourable to it. He did not make it clear whether he was willing to proceed with the plan of the joint board of engineers which assumes co-operation with the United States, or whether he was determined to have an all-Canadian scheme ; but Mr. Ferguson, who threw the full weight of his influence behind Mr. Bennett, reiterated his objections to the sharing of Canadian rights with the United States, and also expressed keen suspicion of the intention of Mr. King's Government to override provincial rights. Mr. Dunning, the Minister of Railways and Canals, said that the Liberal Government had acceded fully to the provincial demands in the conference which had taken place, but Mr. Ferguson denied that this was so.

Undoubtedly Mr. Ferguson's uncertain attitude towards the deepening scheme has been one of the most important influences in explaining the slow progress of the past two



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years. Leadership in favour of the project had to come from Ontario, since the maritime provinces and British Columbia were not specially affected, and the prairie provinces were more interested for the moment in the completion of the Hudson Bay route. Vigorous support from Ontario could have been mobilised by a Premier in as strong a political position as was Mr. Ferguson, and his failure to act has been a keen disappointment to advocates of the scheme; by some of them he has been denounced as its worst enemy. The *Manitoba Free Press* of Winnipeg, in an editorial on February 19, 1930, declared that "a great opportunity has been bungled and butchered," and that the interests of Ontario had been betrayed chiefly through the personal influence of Mr. Ferguson. It hazarded the opinion, however, that his motives were to embarrass the King Government and further the cause of the Conservative party at Ottawa. It may be that, now that the Conservative party is in power at Ottawa with a substantial majority, Mr. Ferguson will modify his tone with regard to provincial rights and co-operation with the United States. Although Mr. Bennett did not commit himself definitely as to how and when he would like to see the scheme completed, he at least went so far in his choice of a Cabinet as to appoint to the portfolio of railways and canals a vigorous advocate of the early completion of the work—Dr. R. J. Manion, who comes from the "twin cities" of Port Arthur and Fort William, at the head of Lake Superior, which are, of course, vitally interested in the project.

During the whole period since 1928 the government at Washington has been watching the situation with keen interest. In correspondence with Ottawa early in 1928 it expressed itself as willing to proceed with the framing of a treaty. Mr. Hoover has always been a strong advocate of the deepening scheme, and during the presidential election of 1928 this was urged in his favour, especially in the middle west, where the economic difficulties of the farmers were a serious danger to the Republican cause. He has



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always strongly favoured the St. Lawrence, rather than the so-called "all-American" route, from Lake Ontario to the Hudson river. This plan, although it would be extremely expensive, has had strong support from certain elements in the State of New York, and Mr. Hoover has indicated that he will support it if Canada refuses to proceed with the St. Lawrence project. Such being the case, it is not surprising that the government at Washington, after a long silence, once more raised the question of negotiating a treaty by sending an enquiry to Ottawa on September 2 last. Mr. Bennett replied that he was unable to take up the question immediately, but that on his return from the Imperial Conference in London he would turn his attention to it. It is not to be expected that the government of the United States will be willing to wait indefinitely for a favourable move by Canada. The likelihood is, therefore, that the next year will determine whether Canada is to proceed in the near future with the completion of the navigation project in co-operation with the United States, or whether she prefers to postpone action. In this case the deepening will probably in the course of time be carried through piecemeal as a Canadian enterprise in connection with power developments at various points.

Canada.

October 1930.



## AUSTRALIA

### I. THE FEDERAL CHRONICLE

ON August 8 the Federal Parliament was adjourned after a protracted and interesting session. The interest was partly due to the financial crisis which Australia is facing, and partly to the unusual political situation. And to intensify this interest there came, in mid-session, the dramatic affair of Mr. Theodore.

The general character of the Commonwealth parliamentary situation was dealt with in the last number of THE ROUND TABLE.\* Briefly, that position is that Mr. Scullin's Government has a majority of 17 over all other parties in a House of Representatives which contains 75 members; in the Senate it has only 7 supporters in a chamber of 36 members. The Senate has lost no time in applying the brake to government legislation. It has rejected the Commonwealth constitutional alterations and the Wheat Marketing Bill; it has shelved the Central Reserve Bank Bill, and it has compelled the Government to accept drastic amendment of the Arbitration Bill as a condition of allowing it to pass.

So determined and persistent a challenge by the Senate to a Government is new in Commonwealth history. Except in the Parliament of 1913 and in its successor after the break in the Labour party over conscription in 1916, the conditions which make it politically possible have not existed. In the former case the certain development of an unworkable position in Parliament led the Cook Government in 1914 to have recourse to a double dissolution as a means of ending the

\* THE ROUND TABLE, No. 80, September 1930, pp. 868-872.



## The Federal Chronicle

conflict. On the present occasion the challenge has not been taken up. The Government, in no difficulty in the House of Representatives, hindered but not wholly prevented in its policy, is not anxious to go to the country after only ten months of office, and there is a general realisation that the gravity of the financial position renders an election inopportune.

The Australian Senate was originally intended to represent the interest of the States as such, and to be a revising Chamber. There has been a disposition to hail its opposition to government legislation in this Parliament as a return to the second of these functions, for the Senate has never been a revising Chamber in the sense that the framers of the Constitution anticipated. The reason for this is that its members have been elected on strictly party lines. Hence the Government of the day has usually had a majority in both Chambers, and such amendments as the Senate has made in Bills have been mainly matters of phrasing and detail. It may be doubted whether the essentials of this situation have changed. The present Senate has amended and has rejected Bills from the other House, not because it has become suddenly conscious of its somewhat atrophied constitutional function as a revising chamber, but because it stands for a national policy fundamentally different from the policy of the Government. The situation is constitutionally anomalous and cannot be permanent.

The constitutional amendments proposed by the Ministry have already been discussed in these pages.\* The proposals of the Government to help the wheat farmers took shape in the Wheat Marketing Bill. Its main provisions were these. The Commonwealth and State Governments were to give to the growers guarantees of 4s. a bushel for 1930-31 wheat delivered at the nearest railway station. Any loss on the subsequent marketing of the wheat was to be borne by the guarantors. The farmers were to elect a majority of the members of the wheat boards which were

\* See THE ROUND TABLE, No. 80, September, 1930, p. 870.



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to be set up in each State. The State wheat boards were to send delegates to an Australian wheat board which was to have complete control over both overseas and inter-state marketing of wheat. Any profit made on such marketing was to be returned to the farmers, who were in any case not to receive a lower return than the 4s. a bushel which the Bill guaranteed for the 1930-31 crop. In return for this the next three harvests were to be marketed by the Australian wheat board. Thus the two main principles of the Bill were a guaranteed price for one season and a compulsory pool for three years. These were linked together. If the farmers wanted the guaranteed price they would have to accept the compulsory pool.

There is no doubt that a good case can be presented for giving assistance to the farmers. The fall in prices and the general burden of the tariff have hit the primary producer hard. But whether the kind of assistance promised by this Bill is the wisest course to take may be doubted. It is obvious that the guarantee must be paid in the long run by the taxpayer if the wheat is marketed at less than 4s. net per bushel. And this contingency appears probable. It has been calculated that the overseas sale of 144 million bushels at 4s. 10d. a bushel, with the prevailing rates of freight and exchange, would cost the guarantors something like £3,600,000. Since this calculation was made, prices have fallen further. No one knows what the world price of wheat will be when the Australian harvest of 1930-31 is marketed. Russia has re-entered the wheat market ; Canada has an immense surplus ; so has the United States, though the recently reported drought in the maize districts of the latter country may necessitate inroads upon the wheat surplus. And there was a very heavy carry-over from last year's crop in Australia. The producing countries are face to face with the fact that the supply of foodstuffs exceeds the present demand for them.

Apart from the financial risk, the idea of a compulsory pool was unpopular. It would cut out the competition



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League effective machinery for achieving its great task, and suggested that, as far as salaries, pensions and permanence were concerned, its staff should, as far as possible, enjoy the same advantages as the staff of a properly organised national administration.

Speaking at a dinner of Catholic delegates to the Assembly, Professor O'Sullivan, our Minister for Education, emphasised the similarity of the Church and the League, both in their international nature and pacific aims, and said that Catholics should try to appease the over-excited nationalist spirit. That spirit, as they understood it now, must not disappear, but it must lose its negative character, which tended sometimes to work against the universal interest. It was necessary to try to make nationalism a positive force, that is, to translate it into a desire to contribute to the common effort for the greater good of all. If the Free State representative on the Council of the League discharges his duties in the unselfish spirit Professor O'Sullivan indicates, then the voice of Ireland may well be potent for good in international affairs during the difficult years before us. It is certainly all to the good that our young statesmen should take their share in the heavy work and responsibility which membership of the Council entails. Our people undoubtedly have suffered in the past through lack of contact with other countries, and they have even yet little sense of international perspective. Our press and politicians have now an excellent opportunity of restoring that sense of proportion and of blending domestic preoccupation with international idealism. It is interesting to note that in the division of work among the States which have seats on the Council of the League, the Free State has been made *rapporteur* for the League on the question of health and child welfare, a subject of great social and hygienic importance which will bring our experts into direct touch with developments elsewhere.

But in spite of these international problems, the first



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concern of our Government must be the maintenance of good relations with the British Commonwealth, and more particularly with our best customers and nearest neighbours, Great Britain and Northern Ireland. The proceedings at the Imperial Conference must inevitably be of more immediate importance to us than the work at Geneva. Our representatives at this important gathering are Mr. P. McGilligan, Minister for External Affairs and for Commerce, Mr. P. Hogan, Minister for Agriculture, and Mr. Desmond Fitzgerald, Minister for Defence. It is greatly to be regretted that Mr. Cosgrave, whose health is still far from satisfactory, did not feel equal to the strain of acting as the principal Irish delegate. Had he done so, he could have claimed to be the senior Prime Minister in the Empire, although indeed much the youngest in years. His deputy, Mr. McGilligan, who leads the Irish delegation, although not of the mental stature of Kevin O'Higgins, possesses a keen mind, a somewhat acid wit, and a capacity for constructive criticism. His speech and his tough mental fibre alike betray his Northern origin. Mr. Hogan, the fairy godfather of Irish agriculture, is equally outspoken, but with a more imaginative intelligence. Mr. Fitzgerald, the third member of the delegation, has had considerable experience in negotiation at previous Imperial Conferences. If he is more Bohemian and elusive than his colleagues, he is also the man who carried through with vigour and determination the reduction of our army. He preceded Mr. McGilligan as Minister for External Affairs. As Mr. McGilligan's speech at the opening meeting of the Conference clearly indicated, the Free State Government, whilst anxious and willing to aid in the elaboration of principles which should guide the members of the Commonwealth in their mutual economic agreements, is more pre-occupied with questions of Commonwealth political relations and Dominion status. For us, as Mr. McGilligan said, the recognition of our position as a free and sovereign State comes before all other considerations. It is clear,



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therefore, that the Irish delegation will stand for the full implementation of the report of the Conference on Dominion Legislation which is being considered and discussed by the Imperial Conference. In a recent article, Mr. McGilligan states that this report marks the moment in which the whole legal theory of the old British Empire definitely and finally comes to an end. He points out that if its recommendations are carried into effect, the power of disallowance can no longer be exercised in relation to Dominion legislation, the right of reservation of Bills disappears, the Colonial Laws Validity Act must be repealed, and in effect the Parliaments of the Commonwealth are seen to stand forth clothed with the plenitude of their power as sovereign legislative assemblies in international law. The report applies, as Mr. McGilligan says with ruthless logic, the 1926 declaration of co-equality to the complex legal problems which the Conference was convened to solve. It marks the completion of the work which Kevin O'Higgins began at the Imperial Conference of 1926, a work which, as is now revealed, was in great measure possible owing to the decisive support of the late Lord Birkenhead, an action which, with his courageous stand for the Treaty of 1921, will be gratefully remembered in Ireland long after his exploits as "Galloper Smith" are forgotten. Only a great man could have risked so much and been so justified by the results. In an article entitled "Is the Free State now free?" Mr. de Valera's organ, *The Nation*, replies to Mr. McGilligan, and argues that the report of the Conference on Dominion Legislation does not remove, or so much as touch, one of the fundamental objections to the Treaty of 1921, which are rooted in the nature of the agreement, a treaty accepted under duress and a dictated constitution. It also claims that the Free State does not possess the most characteristic and vital right of sovereignty, the right to be neutral when her neighbours are at war, as by Article 7 of the Tr  aty the Free State is obliged to afford to the Imperial forces in



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time of war various harbour and other facilities for the purpose of defence. This control of our strategic ports in itself, states the Fianna Fail writer, vitiates Mr. McGilligan's argument and indeed disproves the claim to sovereignty implied in his article. Mr. de Valera's paper, of course, cannot conceive a situation in which English and Irish interests are not automatically opposed, or a war in which the two countries might naturally be on the same side. It is clear, however, that under existing circumstances the Free State need not actively participate in a war in which England is engaged, nor, save in the case of a war with the United States, is there the remotest chance that the facilities reserved by the Treaty would ever be used. The Irish delegation will, of course, also press for the abolition of the Judicial Committee of the Privy Council as a Court of Appeal from the decisions of the Dominion Courts. Whether they will agree to its replacement by a Commonwealth Court for the purpose of adjusting differences which may arise between any States of the Commonwealth may well be doubted, unless the right of final appeal on such matters to the International Court at the Hague is clearly reserved. It is quite certain that they will not agree as far as the Free State is concerned to a continuance of the present state of affairs, or to any solution which permits a citizen of the Free State to appeal to an outside court.

As regards economic questions, one may say that their attitude is one of doubtful expectancy and considerable caution. The Free State Government would probably be quite prepared to co-operate in any scheme for setting up a Commonwealth Economic Council. It would, of course, stand to gain enormously in an arrangement which included a tariff on foreign foodstuffs entering Great Britain, and would certainly be prepared to adjust its own tariffs on manufactured goods in return, but it would scarcely relinquish them altogether, in spite of their doubtful value. To do so would be to give a catch-cry to Fianna Fail,



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which is already denouncing any project for Empire free trade as a will-o'-the-wisp. Mr. de Valera will vigorously oppose any proposal to limit our freedom to impose protective duties on British goods, his argument being that Irish agriculture can only be put on a paying basis when our home market, and not Great Britain, becomes its principal mainstay. So long as its prosperity depends on the conditions existing in one foreign market, he contends that instability and uncertainty will exist. He maintains that it is more important to our farmers that one man should get employment in Ireland than that fifteen should get work in Britain, and that our permanent prosperity must be built up on the foundation of a proper balance between industry and agriculture. As a matter of fact, the economic policy of the present Free State Government aims at the same result by more gradual and less drastic methods than Mr. de Valera favours. But if any British Government were really prepared to tax Danish butter and bacon and Argentine beef, which is very doubtful, it would be worth our while to join in a general scheme of Imperial preference such as Mr. Bennett has suggested. The position of the Free State, as Mr. McGilligan pointed out to the Imperial Conference, is really unique. There is no other unit in the Commonwealth which imports from Great Britain or exports to Great Britain so high a percentage of the commodities it requires or the goods it produces. In manufactured goods, the imports of the Irish Free State from Great Britain are almost equal in value to those which the Irish Free State produces for itself at home. In fact, the Irish Free State is, among the members of the Commonwealth, the third largest consumer of British and Dominion goods; it is, among all the nations, the fifth largest purchaser in the markets of the United Kingdom. In the list of many important classes of goods exported from the United Kingdom, the Free State stands first among the whole world. On the other hand, the Free State is the largest Commonwealth supplier to Great Britain of meat,



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poultry and dairy produce together, and also of many kinds of fish of common consumption. The trade in live cattle between the Free State and Great Britain is the largest of its kind, both in quantity and value, between any two countries in the world. In view of our geographical position we must continue to play a supremely important part in the supply of food products for the British market.

From other points of view, too, our relations with Great Britain are of the closest character. The estimated amount of Irish capital invested in British industry exceeds ninety million pounds, or approximately twice the amount of British capital invested in Free State industries. It is obvious, therefore, that in more than one respect the present balance of advantage must be said to favour Great Britain. For instance, the cost to the revenue of the Irish Free State of the preferences at present accorded to Great Britain is almost five times the cost to Great Britain of the preferences accorded to Free State products. The United Kingdom, in fact, buys some two million pounds less from the Irish Free State than the Free State buys from her. Therefore, however exigent the Free State delegates may at times appear to be in political or constitutional questions arising out of Commonwealth relations, it is well to remember that this attitude is often dictated by domestic difficulties. There can be no doubt that the existing balance of economic advantage is in favour of Great Britain. As a purchaser of domestic, together with foreign, produce from the United Kingdom, the Irish Free State per person ranks at present absolutely the highest in the world. We have, therefore, everything to gain from a just and reasonable system of Commonwealth preference which will not prevent us from improving the existing disproportionate balance between our agricultural and industrial production. The recently published financial returns for the last six months seem to show that the existing tariffs, whilst they are producing revenue, are not reducing the imports of protected goods, because the customs duties, which were expected



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to show a decrease of £86,000 during the year, have in fact for the half-year just completed shown an increase of £46,000. Nevertheless, the general figures are highly satisfactory, showing an increase in revenue of £102,860 and a decrease in expenditure of £225,919. There have been increases from all sources of revenue, except excess profits tax, which has fallen from £73,000 to £26,000, and might well be repealed.

Dublin has just been through a miniature general election, owing to the three elections held under the new Greater Dublin Act\* to elect a city council, a Dunleary or coastal borough council, and a county council. This is the first election of a city council in Dublin since 1924, when three paid commissioners were appointed by the Government to supersede the old council, which was suppressed owing to its inefficiency and mismanagement. The new council, which is reduced from 80 to 35 members, will be responsible for a much larger area than the old, but has much smaller powers, a very large share of the management being under the control of a city manager. The system of government adopted is practically identical with that successfully inaugurated in Cork last year.† The first city manager is Mr. Sherlock, the existing Town Clerk of Dublin, and Mr. Hernon, one of the late city commissioners, is to be manager of the Dunleary borough. The most interesting feature of the election was the apathy of the electors and the complete *débâcle* of the Fianna Fail party. The Government refused to run party candidates, but a number of business men who went forward on a purely business ticket, under the title of the Constitutional Group, returned the largest number of candidates, securing 31 out of 50 seats. Fianna Fail, after loudly boasting that the result of this election would show what would happen to the Govern-

\* See THE ROUND TABLE, No. 75, June 1929, p. 608, and No. 79, June 1930, p. 597.

† For an account of that innovation see THE ROUND TABLE, No. 73, December 1928, p. 157, and No. 75, June 1929, p. 608.



## Ireland : Events in the Free State

ment at the next general election, suffered an ignominious defeat, and was only able to secure the return of five out of fourteen candidates. The great majority of the candidates returned, although not officially Government party nominees, are supporters of its policy, but the election was fought on a restricted municipal franchise. Senator Alfred Byrne, a former member of the old Irish party, has been elected Lord Mayor of Dublin, and the new Council has begun its career in the usual noisy manner. The result of the election clearly indicates that, if left to themselves, the people object to the introduction of politics into municipal affairs, and that, as far as Dublin is concerned, Mr. de Valera will not set the Liffey on fire at the next election. There is also an Irish political adage that what Dublin says to-day Ireland will say to-morrow.

## II. ECONOMIC AND GENERAL

**I**N spite of very bad weather in August and September, which seriously injured both the hay crop and the harvest, and the general slump in agricultural prices, conditions in the Free State are relatively more normal than in most other European countries. This is probably due to the fact, so often deplored by our politicians, that the Free State is predominantly agricultural and pastoral, and so the reactions of the almost world-wide economic depression are slow to take effect here. There has not, in fact, been any serious increase in unemployment, and, as there is no dole, there is no inducement to become unemployed by artificial means. The world crisis has only touched us at two points so far, namely, in its effect on the Ford factory at Cork, which manufactures for the world market and has been virtually closed down since early summer owing to a lack of demand for its products, and, secondly, by the marked decrease in emigration. This last phenomenon is due to the increasing reluctance of the people them-



## Economic and General

selves to venture into the uncharted sea of American unemployment, and to the tightening of the regulations by the American consular officials, who are now refusing visas to would-be emigrants who cannot prove that they possess reasonable means with which to support themselves for some time after their arrival in the United States. So great is the decline, that no more than two visas a day are now being issued, where fifty were issued daily a year ago. This development is in keeping with the general trend of the emigration figures, which have been declining for several years. In 1925, the number of emigrants from Ireland was 30,302; this year it is likely to be under 15,000. In the past, these figures often rose to over 50,000 a year. The trade statistics also continue to tell a satisfactory story. Those for August, just published, show that for the twelve months period, September 1929 to August 1930, the adverse trade balance has declined by £3,812,636 when compared with the corresponding figures for the previous year, and a decline of £8,186,865 as compared with the figures for the year 1925-1926. It is of more than passing interest just now to note that our trade with the British Commonwealth during the last eight months is the most significant part of our total trade. The imports from Empire sources during that period amounted to £31,481,449, out of a total of £38,588,917, or 81.5 per cent. In the case of the exports, the percentage was nearly 91.3, the figures being £26,298,568, out of a total of £28,804,642. As regards agricultural imports, there is a decrease in cattle, horses, and other animals, also in butter and eggs, but the imports of bacon and fish have increased. In spite of the tariff, the value of the boots and shoes imported continues to increase. Live cattle constitute the outstanding item in our exports, and their value for the first eight months of this year has increased by nearly a million pounds. There is a marked increase, too, in the export of tractors and tractor parts, owing to the great activity of the Ford factory



## Ireland : Events in the Free State

last spring. For the first eight months of this year 14,516 tractors, valued at £1,511,991, were exported, as compared with 1,976, valued at £266,872, for the corresponding period of 1929. The export of motor-car parts, also manufactured at Cork, shows an increase of £48,329. Nearly half the tractors exported go to the United States, the others principally to Australia, Canada, the Argentine, New Zealand, Japan, France and Germany. That our agricultural exports require careful regulation and supervision is proved by the fact that Australian, New Zealand, Dutch and Danish butter is still able to command better prices than our own does in the English market. There have also been complaints, not altogether well founded, about the quality of Irish eggs. The moral is that, like Denmark, we have to industrialise our agriculture, and to remember that what Denmark has accomplished has been done without import tariffs, with very little State assistance of any kind except education, and by allowing the farmer to take full advantage of the natural conditions of the country and to produce what pays him best. The bacon business, which ranks fourth amongst our industries, excluding agriculture, and which had a gross output of about five million pounds according to the 1926 census of production, has been hard hit by the enormously increased number of pig-killings in Denmark, where an average of 133,000 a week has been reached, as compared with about 80,000 a year ago. The total number of pigs bought by bacon curers in the Free State in 1929 was only 787,904, or the equivalent of six weeks of the present killings in Denmark. The price offered for pigs here has in consequence now reached a very low figure.

The most interesting scientific development in the Free State has been carried another step forward by the public tests of the new Drumm battery\* on the Great Southern Railway in August. The battery was used to drive a small experimental coach on the main railway line

\* See THE ROUND TABLE, No. 76, September 1929, p. 834.



## Economic and General

between Dublin and Hazlehatch and back, a distance of about thirty miles. These tests show, apparently, that the battery per pound avoirdupois of cell is twice as powerful as any electric storage battery now in use, and from the point of view of consumption of current, from two to three times more economical than the system which takes current from a rail. The full battery of 77 cells weighs two and a half tons, and it is understood to be alkaline, with plates of silver oxide and zinc. The speed attained by the coach on which it was used reached 45 miles an hour in ten minutes, and a similar time was taken to charge the battery. The battery is, however, still obviously in a highly experimental stage, and until a complete train is built and tested over a period of years it would be foolish to claim that a revolution in transit has been attained. It is to be hoped that the Free State Government, which has so far courageously financed the experiments involved, will not hesitate to complete them.

The activities of the Electricity Supply Board continue unabated, and have been largely concentrated on developing the domestic side of the electrification scheme by illustrating the uses of electricity in the home, with special attention to cooking. Arrangements are also being made to furnish electric power to various industries in places where a supply of Shannon current is available. Already it is being used in such diverse concerns as, amongst others, corn milling, creameries, meat factories, baking, ice-cream manufacture, furniture making, ink making and stone cutting. Demonstrations of electric machinery and tools will soon be given throughout the country. The Post Office has just issued a striking special stamp in commemoration of the completion of the Shannon Power Scheme, which depicts the weir across the Shannon at O'Brien's Bridge, where the power canal begins.

In spite of all these developments, taxes in the Free State are by no means excessive as compared with other countries. The taxation per head of population, including



## Ireland : Events in the Free State

both State and local taxes, is £9 3s. 6d., according to the latest available published statistics for 1927-28. The corresponding figures for 1926-27 were, in Norway £13 8s. 9d., in Sweden £12 13s. 2d., in New Zealand £16 2s. 5d., in Denmark £12 6s. 3d., and in Switzerland £8 3s. 3d. All these countries have similar economic conditions. Moreover, in the Free State an unusually large proportion of the total expenditure is upon social services and an abnormally small proportion on defence forces. One of our urgent and most difficult problems is the development of the districts on our western sea-board, where a stubborn soil and a stormy sea make it difficult for the peasantry to eke out an existence. Last year the Department of Fisheries initiated a kelp marketing scheme, which has proved a great success. During last season a sum of about £14,000 found its way into these districts as a direct result of this scheme, and it is to be hoped that its success will encourage further constructive work of the same kind.

The annual report of the Department of Education shows that progress in the attempt to revive the Irish language is extremely slow. Only about 25 per cent. of the teachers are really efficient, and a great proportion of these are naturally stationed in the Irish-speaking districts. These teachers have succeeded in making their pupils fluent speakers of Irish. Progress is naturally best in the infant classes, and the inspectors suggest that more attention should be paid to the classes immediately above the infant standard. The Government are publishing textbooks for the teaching of ordinary subjects in Irish, and are also offering substantial financial prizes for original literary work, in order to encourage young writers. With the possible exception of the late Canon Peter O'Leary, modern Irish has so far produced no writer of the first class.

The Horse Show was, as usual, in spite of indifferent weather, a great financial and social success. The Grand Prix international motor races, held during July in the



## Economic and General

Phoenix Park, were more successful than last year, and are likely now to become an annual event. Although the motor-car continues to increase in popularity (there is now one car for every hundred of the population), the horse continues to hold his own, and our horse population has increased by 36,000, as compared with seventy-eight years ago, although in the intervening years the numbers reached a much higher point.

Catholic Ireland has started to prepare for the Eucharistic Congress, which is to be held in Dublin, in the Phoenix Park, in 1932. This great devotional gathering is held every four years, and took place on the last two occasions in Sydney and Chicago respectively. It is likely to be a memorable occasion, because the Free State population is 95 per cent. Catholic, and because it will undoubtedly attract thousands of our world-scattered race to their native land. Big problems of transport, housing and feeding will arise, and it is estimated that during the Congress week Dublin's normal population of 400,000 will be increased to over a million. Over 100,000 visitors are expected from America alone. Arrangements are being made to house the pilgrims in hotels, schools, tents, barracks, ocean liners and private houses, and the work of organisation is already well advanced.

In the same year Cork proposes to hold an international exhibition, which it is hoped will attract many of our visitors to the capital of the south and its beautiful surroundings. We must also in that year have a general election, unless, as seems more than likely, the Government seize a favourable opportunity next year to submit their record and policy to the electors. At the moment it certainly seems that it would be a wise course for them to take.

The Irish Free State.

November 1930.



## CANADA

### I. THE GENERAL ELECTION

THE general election which was held in Canada on July 28 resulted in the decisive defeat of the Liberal Ministry of Mr. Mackenzie King and the bestowal upon the Conservatives of the effective mandate of a commanding majority in the House of Commons over any possible combination of opponents. In the new Parliament the final standing of the parties is as follows, the comparative figures for the previous election being given in a parallel column.

	1930	1926
Conservatives .. .. .	138	90
Liberals (including Liberal Progressives) ..	89	132
Progressives .. .. .	13	18
Labourites .. .. .	32	3
Independents .. .. .	2	2

The surprising feature of the election was not the defeat of the Liberals—whose political experts, at the close of the campaign, had been prepared for substantial losses though they hoped for a stalemate—but the size of the majority accorded to the Conservatives, whose gain of 48 seats exceeded their most roseate dreams. The Liberals, however, are deriving some comfort from the figures of the popular vote, which show that Conservative candidates polled a total of 1,909,955 votes, the Liberals secured 1,714,860, and the minor independent groups 274,180. So, although



## The General Election

the Conservatives carried more than two-thirds of the 245 Federal seats, they just fell short of securing a popular majority.

There is, however, almost general agreement that the outcome of the election has two very satisfactory aspects. The possession of a clear majority emancipates the Conservative Ministry from the necessity of bargaining with minor groups and leaves them without an excuse for not carrying out their election pledges and declared policies. But an even happier development is the break-up of the famous Liberal *bloc* in Quebec, whose existence since the war has produced an unhealthy and artificial alignment in Canadian politics. It is all to the good that the Conservative party should be able to derive solid parliamentary support from Canada's greatest natural reservoir of conservatism, and it will enure in the end to the great benefit of liberalism in English-speaking Canada that the party can no longer be accused of being under the domination of Quebec. The casualties of the election included five Liberal Ministers, and there is particular regret, even among opponents, at the defeat of Mr. Dunning, the Minister of Finance, whose career of high promise will, it is hoped, only suffer a temporary interruption.

The factors which operated to produce the Conservative victory are various and not obscure. A government which had, apart from a brief intermission of a few months, been in office for nine years was bound to have suffered a substantial erosion of the popular support which had placed and kept it in power, and a swing towards conservatism would have been a normal development. But on this occasion it was accentuated by the economic depression which began with the great stock-market *débâcle* in October, 1929, and gathered momentum throughout the winter and spring. Since the Liberal Ministry had claimed credit for being an architect of national prosperity, it had also perforce to assume a large measure of responsibility and blame for the economic adversities which had befallen the



## Canada

country. Mr. King and his colleagues had hoped to make the Dunning budget the dominant issue of the election. It contained a comprehensive measure of tariff revision designed to effect a salutary chastisement upon the United States for its aggressive fiscal selfishness, and at the same time to stimulate inter-Imperial trade. Mr. Dunning stated the case for it with great ability and vigour, but in the end the Conservatives were able to make unemployment the major issue of the battle, and to obtain a sympathetic hearing for their argument that the feeble and vacillating tariff policy of the government was mainly responsible for the grave unemployment and other troubles; and that if the Conservatives were only armed with a mandate for a firmly protectionist policy, many of the country's difficulties would be solved. And they were helped by the ineptitude with which Mr. Mackenzie King and his colleagues handled this unemployment issue. At the outset of the campaign Mr. King took the line that there was practically no unemployment in Canada. Then, when confronted with the grim figures, he shifted his position and contended that, while there might be serious unemployment in Canada, the situation, in proportion to population, was better than in other countries. By the close of the campaign, Ministers had completely receded from the stand that unemployment was in no sense a concern of the Federal government, and had been compelled to promise that they would give every possible co-operation to provincial and municipal authorities for its relief. But the outcome showed that the voters had accepted the Conservative thesis about unemployment, and preferred to entrust them with the task of remedying it.

Again, the Dunning budget had many merits as an instrument for the stimulation of inter-Imperial trade. Its provisions were in consonance with the fiscal policy of the Liberal party since the days of Laurier, and it enabled the Liberals to sound a strong Imperial note. While this may have aroused disquietude in the minds of some



## The Rhodesias and Nyasaland

on native policy. Since then, many in the south, led by Mr. H. U. Moffat, the present Prime Minister, have looked forward to the formation of a Great Rhodesia, all the more as the economic policy of the Union has strengthened Rhodesia's determination not to be entangled in Pretoria centralisation, poor whites and bilingualism. This desire has naturally been further stimulated by the opening up of the Ndola copper belt in Northern Rhodesia.

Until quite recently Northern Rhodesian opinion, as far as it was vocal, was against amalgamation with the south, for fear that that would mean immediate absorption in Southern Rhodesia and, perhaps, ultimate absorption in the dreaded Union, and against amalgamation with the East African territories for a variety of reasons, but again principally differences in native policy. But there was a minority which did not share these views. Two of them visited Salisbury in the course of 1928 and unofficially accepted a draft scheme of amalgamation. There was to be no partition of Northern Rhodesia; that territory was to have very generous representation in the future joint legislature; civil service privileges and other special interests were to be safeguarded; better means of communication and financial facilities were to be afforded, and so on. Then came the copper and the White Papers. The unofficial spokesmen of Northern Rhodesia, with settlers and money in sight at last, feared absorption less than they had done; on the other hand, they objected to the thought of their native affairs being controlled on the lines proposed by His Majesty's Government. It remains to be seen how far the mass of European opinion is behind them; the same warning applies to all the thinly peopled territories under discussion, where Gideon's three hundred sometimes have, in the distance, the similitude of a mighty host. In any case, the elected members of the Legislative Council first asked leave to state their case in London. This was refused. Hence, in September, delegates from the two Rhodesias met at the Victoria Falls, condemned



## Africa from the South

the Imperial policy and discussed amalgamation. The Northern elected members have now inquired whether His Majesty's Government is prepared to discuss with delegates from both territories union under the present constitution of Southern Rhodesia.\* And, to round off this story of the crystallisation that is taking place in those parts, reliable reports have it that men in Nyasaland are looking towards union with the Rhodesias; anything rather than incorporation with the East African territories.

South Africa.

October 1930.

\* At an interview with the elected members, on October 28, the Governor of Northern Rhodesia (see *The Times*, October 29) authorised the statement that the memorandum of the Imperial Government on Native policy in East Africa would not affect, in any material detail, the policy hitherto pursued by the Government of this territory, and that during his term of office the interests of the European settlers would not in the smallest degree be affected adversely by the memorandum or its implications, and that, in his view, there was nothing in the memorandum that would have the effect of retarding the normal political development of the territory, or militate against the legitimate aspirations of the white settlers to a larger share in the management of their own affairs. In the view of the *Times* correspondent, the statement was likely to affect the proposal to amalgamate the two Rhodesias.



## GREAT BRITAIN : CONFERENCES AND PARTIES

### I. THE NATIONAL SITUATION

**D**URING the parliamentary recess which ended on October 28, the political situation became more confused and the national situation became more embarrassed. The number of the unemployed rose to 2,200,000, and was thus not far short of double the number twelve months previously. Moreover, although there were occasional fluctuations in the total, the number of those permanently unemployed steadily increased, and unemployment extended to industries formerly largely immune and, for that reason, uninsured. During the nine months ending on September 30, exports fell in value by no less than £102,000,000 as compared with the first nine months of 1929, exports of manufactures by £87,000,000, and imports of raw materials by £55,000,000.\* The revenue returns for the first half of the financial year were profoundly unsatisfactory, and, although such returns never give a reliable indication of final results, it should be remembered that their appearance was actually better than their reality, because they represent the yield of taxation levied in respect of the preceding year † and because they take

\* Prices have of course also fallen, though not sufficiently to account for the decline in trade.

† Taxation since April, 1930, has been 4s. 6d. in the £, as against 4s. for 1929. But it depends on whether the tax is deducted at the source or not as to whether the income taxed is that of the preceding year or this year.



## Great Britain : Conferences and Parties

no account of sums borrowed to meet expenditure. Mr. Snowden on October 15 made a reassuring speech to a meeting of bankers, in which he repeated his desire to impose no new taxation even though, in order to avoid the necessity, he would have "to violate his strict financial principles." The phrase aroused some speculation as to his meaning ; but the course of events made it appear that he had in mind only the meeting of the deficit on the unemployment insurance fund—which may amount to £25,000,000—by borrowing, and possibly some less strict insistence upon making provision for the sinking fund out of revenue. The deficit on the unemployment insurance fund would, upon the accepted canons of public finance, be a deficit upon the budget. In addition, the revealed deficit caused by the shrinking of revenue, and the increase of expenditure not covered by borrowing, has just been estimated by Lloyds Bank Review at £36 million. The concealed and revealed deficits together will therefore amount to £61 million, a figure within £9 million of the total allocations to the sinking fund in the present budget. No Chancellor of the Exchequer can reasonably assume that the yield of taxation next year will be as good as this. The probable decline in the yield has been estimated by Mr. Oliver Stanley at some £15 million, and, therefore, if the sinking fund is to be maintained at its present level, an orthodox Chancellor would have to budget for raising next year about £76 million by fresh taxation. It is therefore true that almost every event during the recess has indicated that the state of the country has changed for the worse, that the familiar analysis of the incidence of unemployment can no longer bring any comfort, and that all those engaged in industry, whether employers or employed, are becoming really alarmed.



## Party Conferences

### II. PARTY CONFERENCES

#### *The Liberal Plans*

THIS disquiet was reflected in the Liberal and Labour party conferences, which were held before the opening of Parliament. At the Liberal Conference much ado was made on the opening day about the necessity of defending free trade ; but Mr. Lloyd George, during the later stages, made an attempt to show his party that the right attitude was readiness for anything that would be quick and effective. Early in November, Liberal policy was crystallised in a new edition of their election pamphlet, "How to Conquer Unemployment." This edition embodied the plans submitted to the Government at the meetings which have been intermittently taking place during the recess between the Liberal and Labour parties in an attempt to agree upon an unemployment policy. The plans comprise the raising and spending over a period of two years of loans to the amount of £250,000,000. One hundred thousand family farms are to be created, and agriculture is to be equipped with credits and with a statutory marketing organisation. Roads, bridges, telephones and houses are to receive a large share of the loan, and it is estimated that work would be found for about 700,000 men over the period in question. It is further suggested that the field of economy already harvested by the Geddes Committee in 1921 should be gleaned by a similar committee.

#### *The Socialist Answer*

Although these ideas of regeneration through public expenditure and statutory rationalisation have many points in common with the professed principles of the Government, the prospect that they will form the basis of an agreed policy is not bright. It has been estimated that the local and national expenditure on development works



## Great Britain : Conferences and Parties

already totals £190,000,000 a year. Schemes costing £135,000,000 have already been approved by the Government, and some 200,000 men should be employed directly or indirectly upon those which can be started before Christmas.\* Mr. Snowden is, moreover, reported to remain unconvinced that a situation which has steadily deteriorated in spite of agreement to spend £135,000,000 will be restored by a further expenditure of £250,000,000 ; and he may well be afraid lest so large a call upon the investor should frustrate his ambition to float a big Conversion Loan. Nor are the Liberal plans likely to appeal to the Conservatives. They specifically reject all idea of protecting markets, and a good many trade unionists to-day, as well as Conservatives, consider that increasing the means of production without, by some method or other, improving the security of markets, would be useless.

At the same time these Liberal efforts do reflect the general opinion in the Labour party that something drastic and dramatic should be done. The significance of the Conference at Llandudno on October 6 was not the heavy defeat inflicted upon the open rebels led by Mr. Maxton but the heavy vote in favour of the "ginger" group and Sir Oswald Mosley. His policy of protecting the home market by import boards and "insulating" the Empire by any and every method was rejected by only 1,250,000 votes to 1,000,000.

### *The Conservative Leadership*

The Conservatives avoided having a party conference altogether, and events have shown that they were wise. Criticisms of Conservative policy by Lord Beaverbrook and Lord Rothermere suffered several changes during the autumn. Considerable coolness between the two newspaper peers developed during the by-election at Bromley, where Lord Beaverbrook decided not to support Lord

\* It was stated in the House on November 6 that the number at the end of September was 150,000.



## Party Conferences

Rothermere's candidate, although the large number of votes polled by that candidate appears to have encouraged both. Then the South Paddington Conservative Association played into the hands of the critics by choosing as their candidate at a by-election a gentleman who first asserted, then denied, and, finally, under pressure from the Conservative office reasserted his loyalty to the official policy. The result was that Lord Beaverbrook produced an "Empire Crusade" candidate who achieved the two remarkable feats of winning the seat and of inducing Lord Rothermere to transfer support to him from the candidate originally chosen to champion the Rothermere United Empire party. Both these malcontent sections during this election showed that they were leading a movement of discontent against Mr. Baldwin's leadership of the Conservative party, but the result seems to have been a misleading guide to the popularity of this motive. It was far more likely due to dissatisfaction with the official candidate than with the Conservative leader or his policy. Mr. Baldwin's policy had during this time developed to a point at which it would have satisfied Lord Beaverbrook some months ago. He announced that he was asking to fight on a policy of immediate emergency tariffs on manufactured goods, and a free hand to protect home and Imperial markets by whatever method was found to be best. He also immediately accepted in principle, on behalf of his party, Mr. Bennett's offer, which was echoed by Mr. Scullin, to heighten Dominion tariffs against other than British goods by the addition of 10 per cent. in exchange for a preferential tariff in this country. Why this hasty acceptance, it is difficult to see on the pure merits of the offer, extraneous reasons apart. One wonders whether Mr. Baldwin too took Mr. Bennett's 10 per cent. to mean more than it actually did. Lord Beaverbrook remained more unconvinced than ever that a leader who changed his mind was a proper leader, and more fanatically insistent than ever upon the need for the immediate taxation of



## Great Britain: Conferences and Parties

foreign imported foodstuffs, undismayed by the fact that Mr. Bennett has declared Empire Free Trade impracticable and undesirable.

### *Mr. Baldwin's Position*

Mr. Baldwin thereupon summoned a party meeting at which his leadership was approved by a majority of four to one on a secret vote and his policy approved *nemini contradicente*. It is only fair to him to add that his leadership seems to command support in central and north-eastern England, whatever searchings of heart it may have created in the south; and, secondly, that no critic has been able to find—and few even to name—an alternative leader. About the motives which inspired his intermittent changes of policy there are two views. It is commonly asserted that he has been pushed forward step by step by his critics, and that he is now prevented from advancing the last step to food taxes only because he fears the electoral consequences. There are others who consider that Mr. Baldwin was very properly restrained at the outset from prejudging the issues which it was the business of the Imperial Conference to judge. When Mr. Bennett made his frankly bargaining offer, Mr. Baldwin was, they point out, able to say that he was ready to bargain on certain lines, and, finally, when he had examined what form of bargaining was likely to prove most practicable, to state that he thought an emergency tariff best suited to manufactured goods, that a quota system, with or without a tariff, best suited wheat, that prohibition best met the threat of bounty-fed and dumped products, and that he was ready to discuss with the Dominions what single method or combination of methods of protection best suited other products. Which of these views is correct must be left to our readers to decide, this article being concerned with events rather than motives. In any case Mr. Baldwin is likely to continue to be made uncomfortable by a Press campaign, backed by a certain degree of dissatisfaction with



## The King's Speech

his methods and personality. But his critics will possibly find it easier to find echoes among the electorate at by-elections, the results of which are considered to be nationally comparatively unimportant, than at a general election. Then they will have to decide whether to risk the defeat of the Conservative party and incidentally their own, by putting up rival candidates. Nobody can say what their decision will be. For the moment the party has decided that the retention of Mr. Baldwin is worth the risk involved in the continuance of his leadership.

### III. THE KING'S SPEECH

WHEN Parliament assembled therefore it found the Conservatives divided, the Liberals unhappy, and Labour depressed by everything except the condition of their opponents. The opening debates showed almost universal anxiety over the state of the country and universal disappointment with a Ministerial programme which failed to reflect that anxiety. The legislation foreshadowed for the next twelve months includes the revived Bill to raise the school leaving age,\* a Bill to set up a Consumers Council to watch the costs and profits of distribution, a Bill to repeal the illegality of general and sympathetic strikes, and two measures to promote land settlement and better agricultural marketing. There was no special measure to deal with unemployment at all, and the reform of unemployment insurance was relegated to a Royal Commission. The Government spokesmen in the course of the debate explained that within the limits of the capitalist system, which they had no mandate to overthrow, they could not devise anything more effective than the extension of relief works, the encouragement of rationalisation, and the expansion of social services. Mr. Maxton and his group urged them to fall, then trying to overthrow capitalism, but they

\* Which has, since this article was written, passed its second reading.



## Great Britain: Conferences and Parties

mustered only thirteen votes. The Conservatives pointed out that tariffs offered a remedy within the capitalist system which had never seriously been tried, but they were beaten by 31 votes.

### IV. SIR JOHN SIMON'S REVOLT

THE Government survived because, as Mr. Lloyd George pointed out, the Liberals had nothing to expect from a general election except a protectionist Government, and therefore they preferred to make a further effort to galvanise the Labour Government into activity. Officially then they abstained from voting; but four of them were so impressed by Mr. Lloyd George's arguments that they voted with the Government; and five, including Sir John Simon, were so disgusted with the Government that they voted with the Conservatives. Sir John Simon followed up his action with a letter to his leader explaining that he could no longer tolerate such incapacity in a Government, and therefore could not agree with the waiting policy of the Liberals. Sir Robert Hutchison, the chief whip of the party, resigned his office for the same reasons. This struggle between fear (or hope) and disgust is likely to continue to trouble Liberal members generally. If and when it ends with the victory of disgust, the Government will go, but until then—and the interval may be long—the Government will be just as safe as they want to be. The Liberal party is in an extremely difficult position. If they keep the Government in, some of the Government's unpopularity is sure to extend to them. If they turn the Government out, they have no funds to fight an election with, if, as is reported, the famous Lloyd George fund is practically exhausted, and they will put into power a party committed to a tariff policy, to which the party is traditionally, and still in the main by conviction, opposed. Apart from the view of the party as a whole, too,



## Gropings for a National Party

some Liberals are no doubt influenced by the fact that the Government's policy on paper is liberal, and that a change on the eve of the Indian Conference would be highly undesirable, though this particular section is afraid that the Government may have lost the will to carry out even their own policy, and that they are entering the Indian Conference without any readiness to give a lead, or any capacity to produce a policy of their own. Such is the situation, with the fate of the Government in the hands of a small party whose own existence, as they well know, is in peril whatever they do. The whole system of parliamentary government, indeed, as it has hitherto been known in this country, is, as most Members of Parliament would uneasily confess, itself imperilled by the three-party system.

### V. GROPINGS FOR A NATIONAL PARTY

THE feeling that democracy may be in danger and the pressure of a national emergency have combined to produce a singular movement towards co-operation among certain members in the opposing parties. Sir Oswald Mosley, it would seem, is making a series of almost unconcealed bids for an alliance with Conservatives on a policy of protection of the home market and "insulation" of the Imperial market. He prefers import boards to tariffs, but would probably agree to a combination of both. The ball which he has tossed to his opponents has been caught by some of the younger Conservatives. They do not, with some reason, feel confident about the prospects of the next Conservative Government, unless some ground for co-operation with the trade unions can be found. None of them are wedded to one particular form of protection, and they count upon a growing conviction in the ranks of Labour that the present standard of living can be maintained only at the cost of increasing unemployment, unless a certain degree of security can be obtained for markets and of



## Great Britain: Conferences and Parties

stability for prices. They note with satisfaction an open mind on fiscal matters even among a few of the Liberals, notably Mr. E. D. Simon. Unfortunately for their prospects, it is highly doubtful whether at the crucial moment, even if Sir Oswald Mosley were to throw in his lot with such a group, many of the Labour rank and file would follow. His intellectual stature has increased since the days when he was Unionist member for Harrow, but, as may be imagined, he is unpopular among trade unionist members even as the Socialist member for Smethwick, and his most natural followers—the Socialist rebels—are already following someone else. It will probably be found that Socialists and Conservatives mean two very different things by protection, and that the Socialists regard it as a convenient vehicle for public ownership, whereas the Conservatives look upon it as a means for perpetuating the private control of industry. Whether any common ground sufficiently extensive to accommodate such divergent principles can be found, depends largely on how deeply everybody is alarmed by the state of industry and the impotence of a negative policy.

## VI. UNEMPLOYMENT INSURANCE

THE most convincing proof alike that the situation is truly alarming and that some new orientation is required among political parties is the deplorable condition of the situation of unemployment insurance. By their Act earlier this year the Government repealed the law which laid upon the claimant the onus of showing that he was "genuinely seeking work," and omitted to increase the number of contributions which entitled a claimant to benefit as a right. There is no limit to the amount of benefit which may be drawn from the Insurance Fund by any claimant who has paid thirty contributions in the preceding two years. This means that anybody who



## Unemployment Insurance

has done a full year's work in any insured occupation can draw benefit for about seventeen months, provided that he or she can show that he is available for work and will not refuse suitable employment, and this is very commonly done by women upon marriage, even though they are not really in the labour market. This helps to explain why the fund is running into debt at the rate of about £27,000,000 a year. But, in addition, almost everybody who has ever paid any contributions at all can draw benefit from the Exchequer, and there are between 300,000 and 400,000 such persons, who will cost this year some £22,000,000 to the taxpayer. The maintenance of the unemployed is therefore costing nearly £50,000,000 above what is raised by contributions, and such an expenditure if continued must wreck budget after budget. Two problems must be kept separate; first, that of rendering the fund solvent, and second, that of relieving the Exchequer of its excessive burdens. A reduction of the numbers receiving ordinary benefit by 400,000 odd would solve the first problem without more ado. By far the simplest way of doing so would be to restore the old "one in six" condition which limited the number of days' benefit payable to the number of weeks in which contributions had been paid. This, however, would not affect the enormous number of short timers, who would have to be dealt with by special regulations. Those thus disqualified would have to be provided for by a system of national relief, protected by a test of the means of claimants. This test would undoubtedly serve the second purpose of restricting the out-go from the Exchequer by a considerable proportion. An inter-party committee, invited by the Government to do so, has been studying the question during the recess. But, although that committee was still sitting, the Opposition delegates discovered when Parliament met that the Government had already forestalled a decision on the part of the Committee by referring the same matters to a Royal Commission, and that a sub-committee of the Economic



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Advisory Council had been engaged on much the same task as themselves. The action of the Government has been a severe blow to the principle of inter-party co-operation upon national problems. It has offended the Opposition without conciliating those who deliberately advocate the dole system. Every scandal and weakness—the use of the system by employers to organise short-time, the existence of uninsured industries with a shortage of labour, the support of the fund by borrowing, the invitation to draw benefits rather than find work—are to be continued for the time being. The Government's failure to face the problem of unemployment insurance is symptomatic of a certain lack of courage. But their position is a difficult one. Pushed on from behind, they have in front two parties who may at any time unite to pull them down. They do not fall, only because nobody is yet ready to act as executioners.



## IRELAND : EVENTS IN THE FREE STATE

### I. POLITICAL

IF during the last few months our politicians have been virtually silent at home, they have certainly not been inactive abroad. Both at the Eleventh Assembly of the League of Nations in Geneva and at the Imperial Conference in London the representatives of the Free State have been prominent. For many generations it has been the ambition of the Irish nationalists to see their country take its proper place amongst the nations of the world. That ambition is certainly realised to-day. The diplomatic corps in Dublin now includes a Nuncio Apostolic and Ministers from three of the greatest countries in the world—the United States of America, France and Germany. Envoys from other countries will probably be appointed in the near future. Our national pride has been further gratified by the election of the Free State to a seat on the League of Nations Council.\* The Free State Government made it quite clear that the Free State offered itself solely as a candidate on its own merits, and in no sense as a member or representative of any group or combination of States. This attitude was entirely in accord with the declarations made by the Irish delegates at successive Assemblies of the League that, as the Assembly as a whole elected the non-permanent members of the Council, these members must

\* See THE ROUND TABLE, No. 80, September 1930, p. 827.



## Ireland : Events in the Free State

represent the League as a whole and not any particular group of States. The other two successful candidates were Guatemala and Norway, Portugal being defeated.

Our representatives at the Assembly were Mr. Ernest Blythe, Minister for Finance ; Professor John O'Sullivan, Minister for Education ; Mr. J. A. Costello, Attorney-General ; Mr. D. Binchy, Free State Minister in Berlin ; Count O'Kelly, Free State Minister in Paris ; and Mr. S. Lester, our permanent agent at Geneva. Mr. Blythe, who spoke in the Assembly on September 15, indicated that the Free State Government agreed with the recommendations of the Committee appointed to consider the amendments required to bring the Covenant into conformity with the Pact of Paris, and that it intended to provide machinery for giving practical effect to all the obligations which it had incurred by subscribing to the general principle of that agreement. A further task, he said, remained. The rules of law governing the mutual rights and duties of nations must be made simple and certain. The first Conference for the codification of international law had not attained the success expected because of the absolute unanimity required. Would it not be possible to adopt another method and to formulate progressively a series of statutes like the statutes of the Permanent Court with a protocol of signature open to States which might decide to accept them at a later date ? The statutes would not define the rights or obligations of States not parties to them, but would introduce an element of security into certain fields of international law and give direction to efforts designed ultimately to secure simplification and uniformity. There was a serious danger to the League in not maintaining a minimum rate of progress in certain fields of activity, particularly in the field of disarmament. A new generation was growing up with no clear realisation of the significance of war. It was essential to bring about disarmament while people still realised the loss and degradation which war entailed. Finally, he referred to the scheme of M. Briand



## Political

for the Federal Union of Europe. He was convinced that this scheme was of a purely constructive nature, and that it would be worked out in close conformity with the objects and spirit of the League and improve relations, not merely between European countries, but between those countries and the peoples of other lands. He reported that since the last session of the Assembly the Free State had accepted seven League conventions, and hoped that they would ratify the Opium Convention before the end of the year. The Free State Government's views on M. Briand's proposals are more fully set out in its Note to the French Government recently published. The Note states that the Irish Government frankly recognise that the geographical contiguity of the States of Europe must lead towards a closer association of those States for political and economic purposes, but that, whilst the Irish Free State has an active interest in every circumstance which affects the peace and well-being of Europe, her concern cannot be so proximate as that of those of her European sisters whose interests are more intimately bound up with the European Commonwealth. In this connection an important factor is the heavy emigration for many decades from Ireland to the American and Australian continents, which constitutes with those regions of the world a bond of moral union in no degree less binding than that which exists between Ireland and the other European States. The Irish Government consider that an agreement of the kind indicated by M. Briand would have the best chance of success if it were framed directly under the auspices of the League of Nations, and were confined in principle to a simple recognition of the fact that the geographical collocation of the States of Europe gives rise to interests and problems peculiar to Europe, which it is the special concern of the European States to co-ordinate and solve, and that in its practical application such an agreement should be based on the principle that each State which is a party to it should be the sole judge of the manner and extent to which it should



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co-operate in the pursuit of the objects of the Association. Conditions in Europe were not yet ripe for an agreement which went further and imposed on parties to it a collective responsibility in matters in which they were not individually concerned. The Irish Government are satisfied that within the four corners of the Covenant of the League of Nations, and of the programme drawn up by the League's Committee on arbitration and security, are to be found the maximum guarantees that can be mutually accorded by sovereign States freely associated for pacific ends. As regards the economic organisation of Europe, the Note points out that the Irish Free State is still at an early stage of its industrial development, and, therefore, cannot be reasonably expected to make economic sacrifices for the establishment of a common European market before it feels assured that it is in a position to secure its due participation in that market. In conclusion, the Irish Government emphasise the great importance of devising means which will ensure close and active collaboration between the associated States of Europe and other States, and for that reason feel that at every stage of the proposed development opportunity should be afforded to other States for a frank expression of their views.

On the whole, it may be said that the Note, which is the first important diplomatic document to issue from our Ministry of External Affairs, is a balanced and sincere document of importance, and it is interesting to note that the opinions expressed and the decisions taken concerning M. Briand's plan at the League of Nations Assembly have been generally in accord with the views it propounds. In the economic discussions in committee the Free State representatives naturally were found on the side of the agricultural countries, and complained that the League was not yet dealing with their problems. As regards the Secretariat, they supported the proposals for the maintenance of its international character and spirit, and declared themselves in favour of expenditure which should give the



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pendence" and to exaggerate its very crudities in the desire to remain itself. Thus mental barriers to fruitful cultural intercourse are set up, appearing often at the most unexpected moments and in the most disconcerting forms. Yet, to a dispassionate view, each has what the other needs and it would seem that effective fusion of the two sets of virtues should produce a type that could regenerate the world. What is needed has never been better expressed than in a speech made by Mr. Ramsay MacDonald at Montreal last year :—

The greatness of the future depends upon mingling reverence with enterprise and tradition with energy.

Significantly enough, he sounded the same note on other occasions, and it is not difficult to guess what was in his mind.

The educated immigrant from England, and even the home-keeping cultivated Englishman who has dealings with the Dominion, can do much if he is willing to learn as well as to teach, and if he rids himself once for all of the pernicious idea that Canada is "home" in just the same sense as Kent or Bournemouth. Then he may do not a little to produce that compounding of the tough virtues of the pioneer with the polished culture of the old-type "gentleman" out of which the *Civis Britannicus* of the future will emerge. For, after all, the gentleman is the most universal of species in distribution, no product of any particular clime or history, and not to be moulded to the meticulous niceties of any provincial code of mere manners.

However that may be, the Canadian insists upon Equality as fundamental, and knows pretty well what he means by it. Cultural growth, therefore, has to conform to this prime condition.

Then again, vast economic resources have still to be developed, and Canada's chief contribution to the world must continue for some time to take that form. But the materials of a distinctive culture are not lacking and the



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will and capacity to use them are growing. No Dominion is better equipped with universities or more generous in support of them. There is much ferment in education generally, accompanied by a growing disposition to find alternative sources of inspiration to those of the States which have been rather heavily drawn upon in the past. Canada is fortunate in having both Britain and the States as sources of material and is showing readiness to use both freely. That her outlook is far from being narrowly provincial is shown by the recent appointment of a distinguished English headmaster to the principalship of a Canadian university, and by the triumphant success which attended a visit by a party of English headmasters a few months ago.

This willingness of Canadian nationalism to take its good wherever the good is found is, indeed, among the surest guarantees of the rich variety to which its culture may attain. The voice of the more parochial type of nationalist is occasionally heard in the land and there have been some manifestations of slightly truculent exclusiveness by self-appointed guardians of "true Canadianism." But, on the whole, the very diversity of her population, with the restraints and precautions thence arising, and the necessities of intercourse with her great southern neighbour, render Canada more immune than some other Dominions from these particular growing-pains of national culture. The new immigrant finds that he can retain all his sentimental attachments to the old home without being suspected of imperfect loyalty to the new. Perhaps it is realised that the continuance of these old attachments in unimpeded strength is necessary to the full vitality of the new immigrant, and that the new land cannot enrich her own life by imposing conditions of spiritual impoverishment upon him. So the new filaments grow alongside of the old and come in time to intertwine with them, as the cellular process of Commonwealth itself. The Englishman, for instance, can recall without rebuke the vision of



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primroses by a wet ditch-side or of buttercup-meadows with the swallows in flight ; or the old village smells of drying mud by the horsepond and of wallflowers by the garden gate. The Canadian comes back at him with the pledge of spring in the early maple flowers, with the lilies and violets and cherry blossom of the May-time woodland, the colours of hillside and forest in the spring thaw, or the unique glories of the Canadian autumn. In such an atmosphere there is every chance for maple and primrose to intertwine in a common garland, each member of the double loyalty adding vitality to the other. Further, the strength of the desire of the Canadian-born citizen to visit the land of Wordsworth's primrose and Keats' nightingale is an additional guarantee of the maintenance of the joint sources of culture. Canadian citizenship is, indeed, a free and generous enfranchisement ; the " melting-pot " is much less in evidence than it is across the border, and there is rich promise in the fact.

So the conditions for a native culture are present in the form of a sound social basis, wealth potential and actual, strong local loyalty, high receptivity of mind, abounding energy, and confidence in a mission. The fruit will come in due time. Just as one feels the promise of spring in the bare twigs of a stark and sturdy Canadian elm in winter, so there is the same promise of foliation and bloom in the solid and many-branching structure of economic and social life which has grown up amid the disciplinary rigours of the pioneer age. The imagination of an Englishman who knows his own industrial North cannot but be stirred by the possibilities that are opened out through the industrial use of water-power in place of steam. The promise of a new industrial age, where wealth and prosperity are generated in sweetness and light rather than in grime and darkness, is held out by such a growth as one finds at Shawinigan Falls in Quebec and at other centres in Canada. The possibility is, of nothing less than a culture in widest commonalty spread, and the firmness of the social and



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economic roots that are pushing downwards is a real earnest of the hoped-for fruition.

Finally, there is the question of Canada's part in world policy. The senior Dominion of the British Commonwealth, with a territory binding the Atlantic to the Pacific, the interpreter to the United States, mistress of vast resources and lately member in her own right of the Council of the League, she is called upon to play a great part. Destiny seems already to be shaping it for her. When we look at the East with more than half of the world's population, and see a modernised Japan, an awakened China and a fermenting India, we cannot but feel that the future historian will set down as the mark of this age the readjustment of relations between East and West. For something like four centuries the nations of Western Europe spread out over the world and took possession wherever they could. Now in Asia the redistribution of forces has been going on for some time; Africa is still precariously held; only in America has the position been consolidated beyond all doubt. That continent is now the true Western frontier, and it is across the Pacific mainly that the threads of the new intercourse will have to be woven and the structure of the new relations built. Hence it is by way of Canada very largely that the British Commonwealth will in the future play its part in the great drama of East and West. There, at least, the advanced base seems to be secure and, in co-operation with the States, equal in resources of men and wealth and ideas to all the demands that may be made upon it.



## AFRICA FROM THE SOUTH

*(From a South African Pen)*

THIS article is concerned with nothing more definite than tendencies. Indeed, in so far as the North is concerned, opinion is still inchoate and policy rather in the making than in being. So much, however, has already happened, and so much more seems to be on the point of happening north of the Zambesi, that the community south of the river can no longer shut itself up in a world of its own. Its horizon is rapidly expanding. It is already beginning vaguely to feel that everything African concerns it more or less, and the sources of the Nile itself no longer seem so far away. Are not Europeans settled so far north as Kenya turning a hopeful eye on the Union? And citizens of South Africa, who have hitherto been wont to look coldly, if at all, at what lies beyond their northern frontier, are evincing a growing interest in the affairs of Northern Rhodesia and East Africa.

Three main forces are awakening in these many and various communities a feeling towards one another which, if not wondrous kind, is at least a fellow feeling. The first is the obvious, but for all that fundamental, fact that, whatever their size, length of experience or stage of constitutional development, they are all European communities set in the midst of predominantly tribal societies which greatly outnumber them. Secondly, the depression pays no heed to customs barriers, official languages or political outlook. Thirdly, there is the avowed policy of His Majesty's Government towards the British territories north of the Zambesi, in which are included the Kenya Highlands and the Ndola copper belt.



## Africa from the South

### I. THE UNION AND EAST AND CENTRAL AFRICA

THE leader of the Free State republicans recently said that "if the British Government persists in its present native policy, there will even be a republican movement in Central Africa one of these days." His prophecy would doubtless be repudiated with ringing scorn from Livingstone to Nairobi; but stranger prophecies have come true. Meanwhile, prominent Transvaal republicans are looking still further afield, at nothing less than Africa as a whole. They propose that a kind of inverted Dixie line should be drawn by international agreement, more or less along the tenth degree of south latitude, separating the colour-bar States of White Africa to the south of it from the colour-blind States of Black Africa to the north. Such a line would presumably give St. Paul de Loanda, the Katanga, and, of course, the Northern Rhodesian copper belt, and all Mozambique to European Africa, while Tanganyika, Kenya and Uganda would have to be content to form part of what may presumably be called African Africa, because their capacity to bear a white population is so very limited. Doubtless, settlers from those parts could "easily find accommodation" south of our Dixie line; conversely, "encouragement of every kind will be given to tribes wishing to shift towards the north." Portuguese Angola and Mozambique would probably enter a "white African federation," once South Africa has seceded from the British Empire. Then, looking still further north, the advocates of this policy hope for a buffer belt of equatorial territories from the Cameroons to Abyssinia, neutralised and controlled by the League of Nations, segregating the militarised French West African colonies.

These republicans do not minimise the international difficulties in the way of such a consummation, but they draw hope from the fact that "the nations are getting



## The Union and East and Central Africa

used to the idea of control from Geneva." For the rest, they are prepared to support the East African policy outlined in His Majesty's Government's White Papers, based on the Hilton Young Commission's Report,\* on condition that "we in southern Africa are given the rights to which we are entitled." There is a certain naïveté about this last stipulation. "European Africa," sheltered behind the wall of a Monroe Doctrine erected along the tenth parallel, is to be entirely free to manage its own affairs—and those of others. Nevertheless it is a fact of the first importance that some of those, who throughout their long and eventful history have doggedly insisted on keeping themselves to themselves, have now realised, at a moment when the young South African, R. F. Caspareuthus, coming by aeroplane, has almost halved the mail steamer time between London and Cape Town, that this is no longer possible.

To put the matter in a sentence, Downing Street and Ndola copper have between them stimulated a "get-together" tendency from Cape Town to the Kenya Highlands. It is easy to make too much of it; it is not a movement in favour of one huge *bloc*, but rather in favour of at least two such, distinct from the Union; but it is a tendency to be faced squarely. Cecil Rhodes, of course, always looked to far-reaching economic and political developments in Central and East Africa; one of the stock charges by his opponents against General Smuts has been that he was so enamoured of the prospect that he was willing to swamp the Union in a mixed flood of British and Bantu; the Hilton Young Commission recognised the essential unity in diversity of the problem by refraining from reporting on East and Central Africa till they had seen something at least of Southern Rhodesia and of the

\* Report of the Commission on Closer Union of the Dependencies in Eastern and Central Africa, 1929, Cmd. 3234; Memorandum on Native policy in East Africa 1930, Cmd. 3573; Statement of the Conclusion of His Majesty's Government in the United Kingdom as regards closer union in East Africa 1930, Cmd. 3574; also Report of Sir Samuel Wilson, 1929, Cmd. 3378.



## Africa from the South

Union. Times have changed. Prominent Nationalists can point hopefully to the markets afforded to Union goods in the interior. General Smuts earned Nationalist approval for his statement of native policy at Oxford in 1929, where, among other things, he advised all the South and East African States to get together and, relying on the great experience of the Union in native matters, to provide His Majesty's Government with "a more responsible and mature white opinion to reckon with and guide them in their task" than could be afforded by the East African territories alone. Now, a Minister in South Africa, Mr. Grobler, and our Prime Minister in London have adopted the same line. Opposed as ever to any interference in the internal affairs of the Union, General Hertzog states that he cannot feel that he is interfering in the affairs of Great Britain when he observes that its proposed policy may have repercussions in the Union, and expresses the hope that the Governments concerned in framing native policy will exchange views before any policy is adopted which differs radically from that pursued in so important a part of the African continent as South Africa.

There is much to be said for such a conference, especially in a Commonwealth whose peculiar pride is the round-table method; but it is doubtful whether some who thus claim the right of being consulted realise that this right, like so many others, cuts both ways. May not the British Government reply that it, in its turn, would wish for an opportunity of expressing its views before the Union proceeds any further with a policy which is at variance with policies contemplated or actually in force in other not unimportant portions of Africa? Be that as it may, the immediate point of interest is that the comments of South African papers, speeches of Ministers, and the cordial reception accorded by General Hertzog in London to the unofficial Kenya delegation, which is to give evidence before the Joint Committee of both Houses, have awakened interest and gratitude all along the East African Highlands.



## The Union and East and Central Africa

There need be no surprise at this display of unanimity. The connection between Kenya and the Union is much closer than the map would suggest. Indians are a common factor; some of the first settlers in what was then British East Africa, British and Afrikander, came from the Transvaal; the attitude of the average Kenya settler towards natives is apparently much the same as that of the average South African from the Bantu parts of the Union. In 1923, when the vocal section of the Kenya settlers was at daggers drawn with the Imperial authorities on the score of Indian policy, and there was talk of revolution, a delegation visited the Union and a British cruiser arrived almost casually at Kilindini. Early in 1929, again, Lord Delamere, the protagonist of settler claims, spent some time in the Union, and shortly after, General Smuts delivered his Oxford addresses on native policy which clearly had East Africa in mind as much as South Africa. Now Lord Delamere has gone with the Kenya delegation to London and is in close touch with the Premier of the Union.

There can be no doubt that His Majesty's Government has handled a delicate matter somewhat crudely by stressing without real need the 1923 declaration that, where a divergence of interest appears, native interests are to have the preference.\* By letting the phrase slip into the background it might well have made sure of the substance of control. It can only be hoped that the Joint Committee will find means of allaying the suspicions of the settlers, and yet retain the necessary arbitral control for the Imperial Government. But, as far as we can judge from this distance, it will have a difficult task. The Kenya men are alarmed at a

\* On November 12 Lord Passfield, the Secretary of State, made a conciliatory speech on which *The Times* complimented him in a leading article. He explained that the expression, "paramountcy" (of the native interests) would be referred to the Joint Committee; that the Government wanted the principle of continuity, and there was no notion of any new interpretation (the word had been used in the memorandum on closer union too); that the Government wanted to secure the goodwill of the men on the spot, and they called them into council in the Joint Committee, which was proposed in order to obtain the greatest possible measure of goodwill.



## Africa from the South

suggestion made by an official British delegate at Geneva to the effect that His Majesty's Government would welcome the application of the mandatory system to many British colonies and protectorates. Such a step, they hold, especially in regard to native affairs, would be to let well-intentioned theorists interfere in purely British concerns. They insist, moreover, that the Joint Committee must not confine itself to the future machinery of administration but clear up all doubts on native policy too. In the background is their disappointment at finding a new Governor in Sir Joseph Byrne, a man associated with Lord Lugard's West African native policy, which is not their's nor South Africa's.

In so far as the *East African Standard* can be taken as expressing the body of opinion behind the Kenya delegation, that opinion now holds that no part of British Africa can settle its native policy without consulting the rest, and that the natives cannot advance by themselves. There is a good deal of common ground here; the Hilton Young Commission has said virtually as much. But this does not answer the two questions which are really at issue. Whose policy is to prevail? What is to be the nature of the stimulus to be applied to the tribes? Is it to be guidance by officials and missionaries and picked settlers as advocated by the Commission and His Majesty's Government; or is it to be the considerable European immigration and "decent white employment" for the blacks advocated by General Smuts at Oxford? Apparently this section of Kenya opinion desires the latter policy. It holds that no artificial separation between black and white is possible, though in certain respects the two races are "naturally separated, particularly in landholdings." Segregation may be the easiest solution, but it is not the most courageous. That is to be found by encouraging the dependence of the natives on the Europeans until the latter develop "a definite and real responsibility for native welfare." Indeed, "if only the white community of the Union had been continually



## The Union and East and Central Africa

trained in this school of responsibility their problems would not have been so acute as they have been."

The wide experience of the Union has been appealed to in support of these views. If there is one thing that that experience teaches it is that there is nothing whatever natural about the separation of the two races, especially in the matter of landholdings. Native reserves can only be maintained by artificial means: events left to take their natural course produce a white landholding class and a black proletariat; and, after all, setting colour distinctions aside, that is what happened in Great Britain between 1760 and 1840. Candour compels citizens of the Union to confess that the accentuation of the dependence of black on white has not yet awakened a lively sense of responsibility except in a small though, there is reason to believe, a growing minority. And if this defect be put down to lack of responsibility in the past, the answer is that the Cape, whose native policy has afforded the greatest common measure of happiness to men on both sides of the great divide of colour, owes that policy first to the Imperial Government and then to the western parts of the self-governing Cape Colony which, standing back a little from the conflict of black *versus* white, were able to see aspects of the struggle which were hidden from those taking part in it. The troubles of self-governing Natal were mainly due to the natural fears of a small white community vastly outnumbered by men of another race, and to the self-regarding state of mind bred of a practically unchecked monopoly of power. The two Republics had full legal authority since the 'fifties, and, in the case of the Transvaal, practical authority long before that. It is not lack of responsibility that has led the Union into its present pass in the handling of what is admittedly a most difficult and harassing problem.



## Africa from the South

### II. THE RHODESIAS AND NYASALAND

FINALLY, there remains to be considered the influence of these rival currents of thought on the territories that lie between the Union and East Africa. The majority of the Hilton Young commissioners recommended that Northern Rhodesia and Nyasaland should continue, as at present, subject only to general control exercised by the proposed Governor-General of East Africa in matters of common interest, and notably in native affairs, the greatest of those interests. The chairman, however, proposed that Northern Rhodesia should be divided into three parts: the Barotse reserve to the west to be left as a native area; the somewhat isolated north-eastern portion to be united with Nyasaland as a Crown Colony; and the hogs-back of high land in the centre, which bears the railway to the Congo, the copper of Broken Hill and Ndola, and the great bulk of the small but now rapidly increasing European population, to be united with Southern Rhodesia.

The idea of an amalgamation of Northern and Southern Rhodesia is not new. It was first publicly suggested as far back as 1916 by Sir Starr Jameson, when both territories were under the rule of the British South Africa Company, and north-western and north-eastern Rhodesia had only recently been combined to form Northern Rhodesia. The idea was scouted by the majority of the politically active settlers in Southern Rhodesia because, quite apart from financial reasons, amalgamation with this "Black North" would fatally bar the way to the self-government some of them had been envisaging for nearly a decade past. Partial amalgamation on the lines now suggested by Sir E. Hilton Young was debated subsequently from time to time, but Jameson's idea was never taken up again seriously till after 1924, when Northern Rhodesia became a Crown colony and Southern Rhodesia a self-governing colony, subject to special limitations by the Imperial Government, notably



## The One and the Many

public opinion may combine to over-emphasise the oneness, while the circumambient Dominions, concerned more with the creation of a future than the retention of a past, may over-drive the manyness. The manner in which the Empire free trade propaganda has been conducted in England affords abundant illustration. From much of the talk one would gather that Alberta is only a remoter Norfolk and that Melbourne can be readily brought to think in the same terms as Sheffield or Birmingham.

At the other extreme one finds such a group as the die-hard South African nationalists, who, in seeming blindness to the dangers of their own situation and to the significance of Commonwealth unity for their own security, persist in their drive for an "independence" which would inevitably be precarious, and most probably calamitous. Yet, if one were asked to state on which side the more pressing danger lay it would have to be admitted that English slowness really to understand manyness is more serious than the seeming indifference of the Dominions to the claims of oneness. Diversity and the necessity for it receive too often in England the tribute of lip-service unaccompanied by real understanding, except among a limited few who have had special opportunities of contact with Dominion life and thought.

Really the crisis of to-day is much more acute than one would have gathered from the facile propaganda for Empire free trade. The situation is, in many respects, strikingly similar to that which was presented after the Peace of Paris in 1763. A great common menace has been struck down, only to widen the scope of free assertion for the overseas Dominions. Like the American Colonies, the Dominions, become more self-conscious and self-confident through participation in a successful war, have moved rapidly to political and economic maturity and sense of separate identity. War has left for them too an aftermath of trouble, which calls for the concentration of all their energies upon internal reconstruction and readjustment.



## Canada: An Immigrant's Impression

Meanwhile a somewhat weary and disillusioned England is turning in upon herself, showing a disposition to

shake the yoke of inauspicious stars  
From this world-wearied flesh,

concentrating upon social and economic reconstruction at home, and finding in India and Europe more than enough of external preoccupation.

There is a parallel, not at first sight very obvious, in another important and perhaps prophetic particular. The American Colonies built their new republic on principles that shook and reshaped the world when they came into full tide of action with the French Revolution. That is, political ideas fostered and worked out by a people of British stock came, in fullness of time, to fashion a changed world. Is it fanciful to assume that in the idea of a group of States that remains one, though each constituent member is sovereign, we have another such British creation which, in passing to Geneva, as the other passed to Paris, may also be destined to play a major part in the future? The new fact, a century and a half ago, was of a sovereignty compatible with internal liberty; the new fact to-day is of a sovereignty compatible with the common discipline of a group of States.

But the terrible puzzle of India is evidence enough of the importance to unity of a recognition of diversity, perhaps of the limits of diversity, beyond which no real unity is attainable. Persistence and consolidation of unity must depend obviously upon the continuance and growth of a body of common ideas in regard to which three major conditions must be fulfilled. (1) They must be regarded as underlying wide diversities of application. (2) They must be sustained and expanded by contributions freely offered from the experience of each member. (3) There must be deliberate planning—and not of Imperial Conferences only—to guarantee a maximum of free and rich intercourse in ideas.



## The One and the Many

Platitudinous, no doubt, but still fundamental and still largely unrealised. Is it not significant that England herself, through the centuries, has built up her own characteristic life in just this way? Insular security gave free play to local and sectional diversity; a common body of ideas, loosely and flexibly applied, lived its rich life amid that luxuriating variety, and strength, mutual tolerance and infinite inventiveness in resources for the art of life were the result. In this sense the spirit of the Commonwealth is but that of the old England writ large.

It would be tempting to speculate on the limits of diversity which are possible within the one body of common ideas that animate the Commonwealth. Can the *animus* take the colours of any and every *cælum* and still remain itself? For the hiving off process must in any case continue. Groups from the common stock, mingling perhaps with elements from other stocks, must achieve in new environments new variations of the old way of life, and must ultimately claim the right of sole determination of their particular form. It would seem that there are upper and lower limits of admissible variety. Too little destroys the peculiar nature of the unity; that perhaps was the rock on which Imperial federation split. Too much makes unity impossible, a reflection which drives one to speculate on the upper limit of diversity. One imagines that, generally speaking, the more firm and genuine is the faith of the Commonwealth in its own binding principles, the wider will be the variegations of life and race and colour that they can unify. For, in spite of some lugubrious prophets, it has not yet been finally demonstrated that those principles, flexibly but faithfully adapted, cannot be made to span even the chasm between East and West.



## Canada : An Immigrant's Impression

### II. HOME ACROSS THE SEAS

**B**UT this tempting path must not be pursued. All this preface about the present significance of diversity is meant to lead up to some account of a first impression of Canada, the Dominion which affords perhaps the most favourable illustration of the main thesis. What is now offered is no more than an impression, derived from an experience limited in time to a few months and in space to a small area of eastern Canada. A picture taken with such brief exposure and through so narrow a lens can have value only in so far as it can be treated as illustrative of something much greater, as revealing in some significant way the forms of experience which have made, and are still making, the Commonwealth. The fact that the impression is a fresh one, and—it must be confessed—somewhat superficial, may be not wholly disadvantageous to the use of it as an instrument of interpretation.

To assist in defining the standpoint from which the impression is taken, the concluding sentence of an editorial article in a recent educational supplement to *The Times* may be quoted. The article is entitled "Overseas Hopes." It reviews a number of speech-day comments on Empire Settlement, exaggerates in the usual manner the part played by the public schools in building up the Dominions, and then concludes

Parents need not hesitate to let their children settle overseas, for everywhere they will find themselves at home.

Here, beyond a doubt, is the half-truth with which we began ; the unchanging *animus* persisting beneath a much-changed *cælum*. Experience of making a home in one Dominion and now of setting about making a home in another so very different from the last compels the utterance of a most earnest warning against that way of speak-



## Home Across the Seas

ing. For the sentence quoted is open to an interpretation that, if applied in practice, would speedily destroy all hope of the only unity that is now possible in the Commonwealth, a unity of many variations in the one way of life. That the young settler will find much of the old way of life persisting in the new Dominion is true enough. But that he will find, and have to learn to understand, significant and important variations of it that in their cumulative effect constitute a new way of life is equally true. And it is a truth the neglect of which has caused endless friction in the past. Those who are so insistently told that they will "find themselves at home" in a Dominion are only too apt to assume that they can transplant the whole apparatus of home—the whole *animus* of the old way of life with all its particularity—and live in the new land the life of the old. There is nothing of which Dominion society is more suspicious or towards which it is more resentful. And that for the very reason—so little realised in many quarters—that the tone and spirit of Dominion society have been mainly determined, for good or ill, by people quite other than the typical product of English public schools. Even to-day the assimilation by the Dominions of the genuine educational virtues of the English public schools is gravely hampered by the haunting fear that these will inevitably bring with them customs and usages of the old way of life that the Dominions have deliberately discarded. In other words, the Dominion *animus* really is profoundly modified from the older form that survives in the mother country.

So, we can now state the crucial distinction: a "home" in a Dominion is something that is not *found*, but has to be *made*. By "home" is meant a spiritual home, such an adjustment of the self to the standards and values and spiritual resources of the surrounding life as will guarantee unobstructed scope for free growth and service. In making such a home the newcomer remakes himself, a process often long and laborious and even painful, and



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sometimes never completed. It is from such fundamental necessities as these that the practice has arisen in every Dominion of seeking immigrants young enough to undergo at least the concluding stages of their education in the Dominion itself. So necessary is it that a "home" should be *made*, and so little is it true that a home is automatically *found*.

Now that the Dominions have reached a certain maturity, with the great bulk of their populations native-born, this consideration has overwhelming importance. In England the phrase "training for Dominion life" still means too exclusively training in agriculture or forestry. Yet, training in capacity for the necessary social and psychological adjustments is of infinitely greater importance than the acquisition of forms of productive skill whose applicability may be dubious. Only those who have gone through the process can realise how difficult and yet how vital it is. Sentiment has been allowed too long to obscure the hard fact that the Englishman who would make his home in a Dominion must be prepared to adjust himself to a "foreign" country.

Thus the standpoint from which the life of a Dominion is observed makes all the difference. Three possible ones may be distinguished. There is first that of the traveller : the "hotel" point of view we might call it. He brings his way of life with him in his luggage and leaves again with it unaffected. The *animus* of him is never unpacked and so is never fully exposed to the influences of the new *cælum*. Shrewdly as he may observe, he is always detached, and the inmost things he can never know. Then there is the standpoint of the official who has work to do in the land, and must stay much longer than the visitor. His *animus* is indeed unpacked, but as he knows he will want it again as little changed as possible, he puts it aside on a shelf, protected from the influences of the local *cælum*, and takes it down now and again for a little domestic exercise. And he is right, for he knows which is his abiding city. He may do work of unique and lasting value for the land of his sojourn,



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as did the English officials in Canada and South Africa of pre-dominion days. Yet, he too will not know the inmost things, for his "home" is always elsewhere.

Thirdly, there is the "citizen" standpoint—that of the potential "home" maker whose whole destiny turns upon effective incorporation with the life of his new *patria* and effective adjustment to its demands. To him alone the path to the inner *arcana* may ultimately be open. To the influences of the new *cælum* his *animus* is wholly exposed. If he does make reservations, he must know what they are, and what price he must pay to keep them. Obviously, then, the standpoint from which the impression is taken makes a vast difference. The impression of Canada here outlined is taken from the last of the three mentioned.

### III. CANADA

THE most general feature of the picture must be described in language that may sound a little absurd. It is that Canada is in America and is American. In South Africa the whites are still not Africans—they are Europeans. They habitually describe themselves as such and the ubiquitous presence of the aborigine gives daily emphasis to the name. Cultural dependence upon Europe adds further relevance to the description. But Canadians are not Europeans. They are very definitely Americans and are well aware of it. This does not imply cultural annexation by the United States, though dependence upon the States in this regard is the source of some uneasiness in Canada. It means simply that the American *cælum* has had its inevitable effect on the original *animus*. The enormous economic wealth of the continent, ease of communication and the weakness of the aboriginal population go far to account for difference from South Africa in this regard. Further, it is well to remember that a large proportion of the "British" population of Canada is descended from



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ancestors who entered Canada, not from Britain, but from the erstwhile British colonies to the south. The French Canadian, though he resembles the South African Boer in some striking respects, sometimes claiming to be the only true Canadian, as the other claims to be the true Afrikaner, has nevertheless not had the same reason to remember that he is European. Indeed, there are occasions enough to make him assert vigorously that he is not. Content as he is to remain a British subject, he is yet, in feeling, American through and through, and the Canadian-born offspring of British stock become daily more like him in this respect. Hence the tone and "feel" of Canadian institutions are much less British—or even "European"—than those of South Africa. This is especially true, perhaps, of local government and of economic life, but the same phenomenon is evident everywhere. Considerations of convenience and affinity, not to mention material profit, have brought about a good deal of direct importation from the south, but it would be a disastrous error to ascribe the American character of Canadian life entirely to that. To do so would be to interpose a wholly gratuitous obstacle in the way of Canada's being both American and British at the same time. If she is not to be so, the Commonwealth has failed.

Yet, these powerful continental influences are not all-powerful. Resistance to them in the interests of a distinctive State called "Canada" must take the form of a control by history over geography. Geography seems to vociferate "All alike!" History, in a lower key, replies "Not so! Here and here is and shall remain a difference." Hence arises the characteristic Canadian effort: to give to the forty-ninth parallel a spiritual significance that will justify a separate identity and at the same time afford scope for full and free co-operation across the boundary. Energies are more and more bent to this effort with no lack of consciousness of its risks. Prohibition has been tried and dropped. Western Canada is organising its life on



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lines distinctively its own, and the influence of French Canada is a powerful and perhaps growing factor in the same direction. The crux of the matter is that Canada desires to determine for herself the ingredients that shall go to the making of her way of life, holding off, if need be, pressure from the south on the one hand and direction from England on the other. The strength of that resolution has already been tested, and will be tested again.

A feature of the Canadian way of life that at once warms the heart of the potential home-maker is its domesticity. To the eye of the North-European the very landscape is domestic, inviting completion—like a Constable picture—by the insertion of homes. This note of domesticity is struck at the very outset in the voyage up the St. Lawrence. Green fields and pleasant villages on either hand suggest a peaceful security and a fixed rootedness that are of the very essence of home. South African landscape by contrast is both fascinating and forbidding; its alluring charm tempts you to make a home, while its half-erie strangeness warns you that you may do so at your peril. Nature there spreads her garden before you, and leaves you to discover the snakes.

Fertile soil and a comparative absence of pests and noxious beasts enhance the sense of domesticity in Canada, and the rigours of winter fortify it with walls of ice and ramparts of snow. There is material indeed for a most instructive study in the influences of winter upon the social and political life of Canada. It makes for sincerity and discipline. You cannot humbug a winter like this. You have to face it for what it is, and to equip and discipline yourself to endure it. Again, there is the promise of spring in it, realised if you train yourself to endure and wait hopefully. Then, the knowledge that it will come again means that you work while you have the chance. Winterless lands are apt to be lands of a perpetual present, insouciant and undisciplined, like the chirping grasshopper.

Along with a strong sense of such domesticity the new-



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comer, especially if he has known the dubieties and shifting lights of South Africa, is impressed by the obvious strength and solidity of the social basis that has been laid for Canadian life. Family cohesion is still surprisingly strong against all the corrosion of the industrialised city ; self-dependence is a deeply ingrained habit ; everybody seems to work, and to work as though toil were no curse of Adam but a necessary support for self-respect ; and the weakling, though he may experience generous charity, must look for little indulgence. Hence "social" legislation of the English type comes slowly. The Labour party is weak, and government, which in South Africa is a citadel of refuge, in Australia an insurance agency, is in Canada a domestic convenience. It is an instrument kept in the cupboard for use when necessary. There are signs of a future where this may all be changed, but it is evident enough to-day. The result is a certain sprawling quality in Canadian life which finds expression in many ways. Economic forces have played their dominating part, central government has been comparatively weak, and local jealousies and differences have favoured strong growths of local autonomy. But a spirit of order and organisation seems to be supervening, especially in the West, and there are signs, like the proposal to nationalise broadcasting, that the same spirit will operate increasingly at the centre.

### IV. SOME QUESTIONS

**F**ROM the general survey of the picture, as of a land still in the making, certain pertinent questions emerge. An attempt to state them may well bring this article to a close.

The first question concerns the continued unity of the country in face of the wide variety of life and circumstances that one finds along the stretched "ribbon" from Halifax to Vancouver. Variety of origin of the people combines with diversity of economic interest to produce a real prob-



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lem. A growing sense of its urgency may reverse the tendency of recent years to exalt the provincial Governments at the expense of the Dominion Government. Religious differences illustrate the danger. When drastic school legislation in Protestant Saskatchewan causes perturbation in Catholic Quebec, there may be many, even among French Canadians, who may look increasingly to Ottawa to preserve a balance. Somewhat similar influences may operate in the field of the administration of justice, especially where great corporations with nationwide economic interests are concerned. Such at least has been the experience of the United States. "Social" legislation is still almost entirely a provincial concern. But example is infectious, and the demand from a common "worker" interest throughout Canada is likely to grow. Men who feel themselves primarily Canadian will be likely to resent a system under which, through crossing a boundary within their own country, they lose rights that they had enjoyed on the other side of it, and had come to regard as integral with their Canadian citizenship. The chances of unity will be further increased if Canada develops a real foreign policy, as apparently she will have to do in the coming years. There at least she can speak with one voice.

The second question concerns relations with the great neighbour to the south. One may question whether the existence of the United States is not a support rather than a danger to the unity of Canada. It serves the purpose that his brother James served for Charles II; that of an alternative which confirms contentment with the existing order. The feeling implies no hostility to the States, only again a preference by Canadians for their own way of life. Similarities in plenty may be detected in the respective ways of life on either side of the border. But there are differences too, and these will tend to become both more marked and more consciously realised.

There are not wanting gloomy prophets who maintain



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that the present division of the continent by an east to west boundary will prove to be against the economic grain, and that the effort to continue it may produce serious conflict. Such prophets can point to the American civil war as, in essence, a conflict of this kind, a clash of economic interests which circumstance had tended to segregate territorially. They can point to the community of interest of a farming and mining West as against a manufacturing and commercial East, and there is no lack of evidence of the tension.

But every large State shows it in some measure. The civil war did not put an end to it in the United States. All that was proved was that the claims of political unity were the stronger, while the economic struggle shifted its venue and changed its methods. Similarly it does not follow that because the prairie provinces have economic interests closely resembling those of the western States ultimate political identification is foreshadowed. If the political cohesion of the United States could transcend the economic conflict there, why should it not do so in Canada ? Besides, the tension may well diminish as industrial development proceeds in the West, or may at least lose much of its territorial character.

Canada showed decisively twenty years ago that, if economic reciprocity with the south is likely to threaten political independence, she will have none of it, and there is no reason to think that her answer would be any less decided to-day. A change of fiscal policy in the States in the free trade direction would probably make little difference in this regard. It is easy too to exaggerate the importance of tariff accommodations with Great Britain. Such things are effects rather than causes of a desire for unity and independence that lies much deeper. The resolve to maintain separate identity does not mean, however, that Canada has any desire for a frontier of the European kind with the States. The conclusion seems to follow therefore that both the independent existence of Canada and the



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continuance of the British Commonwealth require that in some very real sense there should be achieved the realisation of a larger unity in which both the Commonwealth and the United States are members. The process by which this comes about is not likely to take the naïvely simple form that is whimsically suggested in Shaw's *Apple Cart*, but his prophetic vision is quite sound. The British Commonwealth may be but a stage to something further, of still greater value to the peace and stability of the world. Upon Canada falls the high responsibility of functioning as hinge to the opening door, and the forms and limits of her co-operation with England must always be determined by that sovereign consideration.

This third question raises issues which, though they may not figure very prominently in current politics, nevertheless govern the very pulse of the machine. They are the issues of culture, of the way of life itself, the vindication and maintenance of which form the *raison d'être* of Canada's separate being. It would be grossly unfair to judge of the possibilities from what has already been achieved. The spirit of the toiling pioneer is still strong, and rightly so, for the mastery of brute Nature is still proceeding. Hence the immigrant who comes from an old country—the immigrant even from a new country where aristocratic conditions prevail—is apt to get an impression of crudity and material-mindedness. Utility sits enthroned and the claims of dividends seem paramount. The thirst for beauty seems largely unawakened; ugliness is tolerated—sometimes even perversely admired—if it sustains profits, and the cultural life may seem to the sophisticated European thin, harsh and scrannel. Mechanisation has gone far, especially in amusements and recreations; creative and imaginative energies are concentrated elsewhere than on the arts, and the Main Street flavour of life is intensified by the survival in many parts of a dour Puritanism that still shrinks from the fullness of the “good” life. Furthermore, differences of race and language and religion split up



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the forces of culture, and separation by enormous distances hampers such co-operation as might otherwise be possible. The superficial observer might thus be led too easily to form an adverse judgment. Let him remember, in the first place, the profundity of the democratic conviction that lies at the base of Canadian society. Deeply suspicious of anything that may seem to have the flavour of aristocratic privilege, it is concerned primarily with fundamental liberties and equalities and, while appreciating the need for the encouragement of diversity and the cultivation of a highly educated *élite*, it is a little nervous lest fundamental democratic principle be compromised. How fundamental that consideration is may not be sufficiently realised by those who have been nurtured in the traditions of an old and stratified society. The difference, put crudely, is that between a society which has been deliberately *built*, upon principles consciously held and passionately adhered to, and a society which has *grown* around an ancient and aristocratic ideal of life and manners—embodied rather than formulated—such as we find in the English conception of the “gentleman.” There is room for endless friction and misunderstanding here, and if the ship of the Commonwealth should ever split this may well be the rock to cause the disaster. The “old-country” man is apt to mistake for crudity the robust self-confidence and preoccupation with the sheer *making* of things that he finds in the new lands, while the “new-country” man all too easily confounds respect for tradition with servility, and personal polish of mind and speech and manner with aristocratic affectation. Many a small tragedy of defeated sympathies gets itself enacted again and again as between representatives of the old way of life and those of the new. The phenomenon is familiar enough to all who know Dominion life, and memories of 1776 give it peculiar force in America. Of the two, the “new” country is, perhaps, the greater sufferer. Fearing to seem merely imitative and dependent, it is apt to put on a slightly aggressive pose of “inde-



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volley of angry voices shouted at him to get into line, but he did not budge.

"I have brought money to deposit, so why are you so indignant?" he cried. A good enough reason it was, and nobody said another word, though one man, speaking as if to himself, remarked that he did not see why any exceptions should be made for people with money to draw out or to deposit. Whereupon someone else felt called upon to explain that if such an exception had not been made people would not readily bring their money to the savings department. They would keep it at home, and that would be bad for the Government, would deprive it of the use of all these sums.

"All these sums," sneered the original complainant; "these miserable pennies."

"Yes," protested the other with feeling, "these miserable pennies can buy a few machines and a few tractors, and that is something in the five-year plan, isn't it?"

The man muttered something inaudible and dropped the discussion. The queue began to move without further interruption, and people looked cheered that the obstacle was out of the way. But they counted without Russian realities, for soon the clerk's stentorian voice boomed out again.

"You haven't written any address for the reply on your letter." He was speaking to a youth who wished to have a letter registered.

"Write it then," said the youth; "village P., district T., section O..."

"Write it yourself," the clerk interrupted. "Don't you see all these people waiting to be attended to?"

"But, *tovarishtsh*,"\* the youth protested meekly, "I cannot write; I am illiterate."

"You?" burst out the hunchback. "So young too? What are you, a proletarian or a peasant?"

"A peasant."

\* Comrade.



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"And you never went to school ? "

"Never."

"Aren't you ashamed of yourself, when our Government does so much to teach people, especially the young, to read and write ? "

"But why am I to blame ? " the youth retorted, his face suffused with embarrassment. "My father always wandered about from place to place, and when he finally settled there was no school in the village."

"And where do you come from ? "

"The north, away up in Murmansk. There the Soviets have not built as many schools as here in this town. The proletarian always gets the best of everything."

This last remark instantly caused an eruption.

"And you peasants," a woman burst out hotly, "don't have to get the best of everything, you have it already—pork, butter, cheese, eggs, milk."

"And you scrape the hide off us townspeople, proletarians or no proletarians," added another woman with bitterness.

Others joined in. Excitement rose high and would not die down even when the clerk once more shoved his head out of the window and begged for order. But he did not insist on it. Instead he lighted a cigarette and listened.

"Seven and eight roubles for a pound of butter, that's what the peasants are asking."

"Three roubles for ten eggs."

"Twenty-five roubles my neighbour paid for a little pig, and when she brought it home it died."

"And they tamper with the weights."

"And water their milk."

"The cheats, the cheats ! "

"The militia ought to do something about it ; arrest the rascals."

"The militia ! They are too busy admiring themselves in their new boots."

The young man was so overcome with dismay that he looked like a hunted animal. He was too perplexed for



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words. Only when the excitement had abated did he find his tongue.

"But you don't understand," he stammered out; "up north where I come from it is different. We haven't even enough bread; things don't grow there like in these parts. We have only fish and fish and fish."

"Nu,\* when the land is collectivised," another youth chipped in, city bred evidently, for he was smoking a factory-made cigarette, "there will be everything for everybody everywhere, even in Murmansk, and at low prices too."

A loud guffaw from a tall man who was leaning on a cane greeted these words. So loud was this guffaw, and so obstreperous, that people turned their eyes on the man, and he, suddenly aware of the attention he had attracted, drew back as though conscious of guilt and fearful of punishment. That he was, or had been, a man of parts—a merchant, a lawyer, a contractor—a man of repute in the town, was evident from his appearance, from the trim of his beard, the cut of his clothes and the collar and tie he was wearing. The youth with the cigarette eyed him with stiff contempt and muttered something under his breath. But the man never even turned to look at the speaker.

"Well," said the hunchback to the boy, "give me your letter. I'll write the address for you, but you go to school. It is a shame for a young man like you in these days to be illiterate. If you live in this town come to the *likbez*† of my union; we'll take care of you."

I left the post office and sallied forth into the street. The sun was high and warm, and masses of people with their cumbrous bundles were streaming in and out of the station. Where had they come from? Where were they going? Why were people travelling so much in Russia these days? It was not autumn, when students start for school. It was not spring, the season when peasants in this region stream home from town. It was the begin-

\* Well.

† Illiteracy Committee.



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ning of summer. Of course the constant call for new hands from the hundreds of factories under construction all over the country accounted in part for this rush to the trains, but only in part. Something else was drawing people somewhere, everywhere, and, whatever it was, the spectacle of them surging in masses to all parts of the country made one stirringly aware of the fresh waves of feverishness that had come over Russia.

I sauntered round the public square which spread apron-like in front of the railway station. On one side, within the shadow of a tumbling fence that was overhung by the tops of little trees, a long row of *izvoshtchiks*\* had stationed themselves. Their *drozhkys*† were the most battered I had seen, with tops, bodies and wheels patched and repatched and presenting as ancient and scrappy an appearance as they did themselves with their unshaven faces, their frayed and massive coats and their tattered boots. Several of them hailed me and offered to drive me in to town, but I waved them aside and stood facing them.

One of them asked for a cigarette, and when I gave it him, the others, all of them I thought, hastily swarmed round begging for cigarettes too. Luckily I had enough to go round, and as they smoked they launched into eager, heated talk. Times were so bad for an *izvoshtchik*, and they were so upset. The peasant, the proletarian, the office man, were living in security and knew one day where their bread would come from the next, but not the *izvoshtchik*. And why not? Because he had no friends—everybody hated him. The very Soviets who had come to succour the poor were snatching the last slice of bread from the *izvoshtchik*. For ages and ages all passenger traffic in that town had been handled by him and people were quite satisfied, and now the Soviets had built a trolley, and folk could ride all over the town for ten copecks—ten dirty copecks. As though there were not other things that the Soviets could build—bath-houses, children's homes, workers' clubs! Why did they

\* Cab drivers.

† Cabs.



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have to start a trolley? And why, above all, did they import buses to go all the way to the suburbs and carry folk fifteen versts for twenty copecks? And now there was talk of a flock of taxis coming the following year, and what for? Did not izvoshtchiks have to eat? And prices were jumping higher and higher every day. If only bread had not been put on ration. The year before they could buy enough for themselves and their horses, and it was so much cheaper than oats. But now all the bread one was allowed was merely enough for one's own needs, and izvoshtchiks had to buy oats for their horses at eight and ten roubles a pood, and where were they to get the money? People did not want to pay decent prices any more, and called izvoshtchiks robbers, kulaks, damagers, counter-revolutionaries, and other names. No respect, no tolerance, no sympathy. What a life and what a fate for an izvoshtchik under the Soviets! Of course the authorities proposed a way out, the one they were proposing to everybody they were ruining—the *kolhoz*.<sup>\*</sup> A new heaven it was, this kolhoz, for all sinners and all saints and everybody else! But an izvoshtchik was no muzhik and no shopkeeper and no loafer. He knew only his horse, his drozhky, the streets of the city and nothing else! What would he do in a kolhoz? Now with summer here they could somehow struggle along, but when autumn and winter came, what would they do? What? What indeed but yield to the inevitable? Spoiled lacqueys of a vanished civilisation, they did not realise that there was no place for them in a world like Soviet Russia in which nothing matters so much as the machine. Consolation I could not offer them. Perhaps they were not expecting it. But when I left, I was cleared of all my cigarettes.

I rambled on from street to street, until I strayed into the big market place. Here life roared. Row upon row of peasant carts with all manner of produce—butter, cheese, eggs, meat, vegetables, live chicken, live pigs—stretched

<sup>\*</sup> Collective farm.



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from one end of the square to the other. Townspeople, chiefly women with the inseparable straw baskets, marched in an endless procession from cart to cart, feeling the produce with their hands, sniffing the meat and the cheese and the butter, dipping their fingers into things and sampling them. They asked the prices and bargained vociferously, or tried to, but in vain. The peasants stuck to their demands, and people snatched the food from their very hands, everything from scabby old radishes to squealing pigs.

"Why are you asking eight roubles for a pound of butter," I heard a pretty young woman ask a heavily moustached muzhik who was leisurely chewing away at his black bread and raw salt pork, "when that man there is selling his for seven?"

"Then buy from him," calmly replied the peasant.

"He has no more left," the woman remarked.

"Why am I to blame then?" chuckled the peasant. "Do I control other people's lives? Do I tell you what to do, and where to go? You are your own master, and I am mine. Do you understand, lady? I cannot sell butter for less than eight roubles a pound. Maybe the other man puts sawdust into his. How do I know?"

Without a further murmur the woman paid him his price. "Children," she muttered, as if in apology, "must have butter."

"Funny people!" went on the peasant, addressing no one in particular, but anyone who cared to listen to him, "if they'd bring soap, tobacco, kerchiefs, leather, other things, we could barter. But no, they want to buy only for money, and they think that money nowadays is the same as it used to be, when you could buy a pair of soles for twenty-five copecks. Now you go to the shoemaker and ask him to put on a pair of soles on your boots and he wants twelve roubles. In the old days for twelve roubles you could buy two new pairs of boots," and he turned to wait on freshly arrived customers.



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Everywhere there was the same swell of excitement, the same exchange of banter, interspersed now and then with words of acrimony and contempt. The peasants, of course, were impervious to sharp language. They would have their price or they would not sell.

All of a sudden a voice boomed out : "Swine, swine, swine, away from here, away." The speaker was an elderly peasant with a beard and he was standing on his wagon in his boots, and with his hands was brushing off the buyers. They protested vehemently, but he would not listen to them. "Away," he shouted, "away. I have nothing more to sell, nothing. I'll take everything back home and dump it into the pig-pen. Away, I tell you," and he grabbed the hand of a woman that had crept into the straw of his cart and pushed it out. He spread out his arms and would allow no one to touch anything in his wagon.

"Come, grandfather, don't be foolish," a passer-by exclaimed.

"Foolish, foolish," he grunted in anger, "two cheeses they have mauled up to-day, and the other day they broke half a dozen eggs, and who is the loser? I am. Everything they must dig their dirty hands into and break, destroy!—The swine! Away, away," he fumed. "I'll sell nothing, nothing any more. I'm going home."

Some of the women evidently knew him and sought to flatter and coax him out of his ill humour. They praised his cheese, his butter, his eggs, above all his fair-mindedness. Gradually the flattery and the entreaties mollified him and he told the women that if they would line up in a queue, as they did in a co-operative store, and promise not to push and thrust past one another he would resume trade. They agreed, but he would not get up from his reclining position until they had actually carried out his wishes.

To me it was an amazing spectacle. A mere muzhik, perhaps illiterate, in full view of crowds of people, enforcing his own discipline on town women. In the old days he



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would have been so obliging and apologetic, and he would hardly have dared to speak above a whisper to women out shopping in the bazaars. And now—how desperately times have changed !

In another part of the bazaar a crowd was storming at a peasant who had brought several live geese to market, and still further on another crowd had lost its self-control and with harangues and shouts was pushing against a cart in which there sat a middle-aged peasant woman. She had just arrived with three live pigs and everybody wanted to buy them, offering the price she demanded. Everybody, in fact, was shoving money into her face, but she did not know whose money to take. Frantic with distraction, she pleaded with them to control themselves, and wait until she could attend to them. But they clamoured for the pigs, flourishing their money before her eyes, pigs to supply the fat for seasoning potatoes and *kasha*\* and soups that everybody wanted. The woman was overcome with perplexity. She looked terror-struck. Her voice trembled and her hands seemed paralysed. Presently a man came to her aid. Forcing money into her hand, he helped himself to one of the pigs. Two women did likewise, and the crowd instantly dispersed as easily as it had gathered.

I felt someone nudging me. It was a tall muzhik with a swarthy face, enormous moustaches and good-humoured heavy-lidded eyes. He excused himself for intruding, but explained that he thought I was a foreigner and just wanted to make my acquaintance. I followed him to his cart and in a torrent of exuberance he proceeded to tell me of the respect that he had always had for foreigners. He knew something of them, for during the war he was a prisoner in Germany for three years, one in a military camp and two on a farm in Westphalia. He used to go to market in Westphalia, and people were so different there; they didn't push, they didn't shout, they didn't grab; they were cultured, not like dark-minded Russians. He stuck

\* Gruel.



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his hand into a linen sack, brought out a handful of dried pears, and offered them to me with an apology for not having a more worthy gift for "a foreign guest." Or perhaps I was hungry? He had bread, pork, pickles, and would gladly share them with me. Then, growing chummy and intimate, he confided that he was through with the bazaar. Never again would he take his produce to any bazaar. The devil was in the bazaars. Everybody was cheating everybody else there. Was it not insane for peasants to demand, and for city folk to pay, eight roubles for a pound of butter? But the peasant was not to blame. The other day he wished to buy a raincoat for his wife, and how much did I suppose they asked for one in the open market? Seventy-five roubles! And in the co-operative the same coat was selling for sixteen. The manager of the co-operative had told him that if he would bring eggs, butter and meat, he could get goods in return to the full amount of his produce, and he would not have to stand in a queue. He had a pig at home weighing ten poods and he would take it straight to the co-operative. Why, in the open market a kilo of sugar was eight roubles and at the co-operative only eighty-three copecks, and a pair of boots in the open market cost seventy-five roubles or more, and in the co-operative it cost only twenty or twenty-five. Indeed, he was done with the open market, where people were just skinning one another. Several women approached and, without even asking whether he had anything for sale, thrust their hands out of sheer habit into the straw in the cart in search of possible produce. When they moved on he laughed and shook his head in disapproval. "They don't behave like that in Westphalia. *Akh*, people are so polite there!"

Continuing his confidences he informed me that he was a *primak*,\* and had married a woman with a home of

\* A man who marries a woman with a household of her own, and goes to live with her instead of, as is the custom among peasants, taking her to his own home.



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her own, and gone to live with her. They had five children and were a happy family, though only two of the children were his. Ah, if I would only pay them a visit! Would I? They would all be so happy to entertain me for a week, a month—as long as I cared to stay. Of course their home was no palace. They were not landlords. But his wife was an excellent housekeeper, and he had taught her a few things that he had learned in Westphalia, and they kept their house clean. They had the walls papered and hung with pictures, and no pig or chicken ever crossed their doorstep. Never. Animals were kept in their proper place, outside, just as they were in Westphalia.

"You would like our home," he raved on with increasing gush, "and you would enjoy my family, my wife and my children, and I want to tell you that we have things—meat, milk, eggs, pickles, dried fruit, even white flour—all our own. Please come."

I assured him that much as I should have liked to avail myself of his invitation, it was impossible, as I was scheduled to leave that very evening for a different part of the country. He was visibly disappointed.

"Well," he suggested after a lengthy pause and with that show of friendliness and humility which makes the Russian peasant as touching and lovable a person as there is in the world, "if you cannot come now, may be you can some other time. We'll have such fun together, and it will be interesting for you to see our village and make the acquaintance of the people there. Come on a Sunday if you can and see how our folk dress. All peasants protest and whine and say they have nothing, but you should see the way our girls doll up on Sunday. You would never think they were peasants—soft leather shoes and rubbers and satins, and even silks."

Then he shifted the subject to a more serious matter—the kolhoz.

"There is a kolhoz in our village," he went on gravely, "but I have not joined it, and I am bothered a lot as to



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what I should do. Of course I am very happy as I am. We have seven dessiatins of land, two cows, this here horse, twenty-five hens, six sheep and three pigs, and we work our land, not like other muzhiks, but with sense and system, just as a *bauer* in Westphalia would do. I earn something on a side line, too, playing the accordion. I play quite well. Once I hear a tune, I can play it right off. I am deluged with invitations to play at weddings. But I have to be cautious, or the Soviet might say that I was making too much money, that I was a kulak, and, citizen, I'd rather be dead than be branded as a kulak, and run the risk of being banished with the family to some God-for-saken forest in the north. But I won't be caught. I won't give them a chance to call me a kulak. I'd never hire an outside person to work for me, even if all my crops were to rot in the field. I am a literate man. I read the papers and pamphlets, I know what is going on in this here country, and I have learned to keep just within proper limits. Do you suppose that I could not keep four cows? Of course I could. But I only have two, and in the fall I'll sell one. I am safer with one. But this kolhoz—the devil knows what is going to come of it. The local Soviet people give me no rest. They say they must have me in the kolhoz. I could establish order and discipline, and make it go. But I dread giving up my independence; I am so happy with my family now. *Akh*, if you would only come so that we could all get together and talk it over at leisure and at length. Please do try to come some time this summer. We shall be so pleased, so honoured."

Late in the afternoon sauntering about the town I entered a co-operative restaurant. I thought of getting dinner there, but the crowds at the tables and the closely packed queue at the door were not encouraging. I tried several other restaurants, but the same conditions obtained everywhere, so I went back to the railway station—being a transit passenger I was entitled to special consideration in the buffet. But I had not reflected that there were



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hundreds of others who deemed themselves entitled to the same consideration. However, I took my place in the far-stretching queue to obtain my dinner checks from the cashier. Meals here were simple. They consisted of two courses, a vegetable or milk soup and either fish or kasha. There was no meat and no dessert, but the price was modest enough, only eighty copecks. Tea could also be had with plenty of sugar at five copecks a glass.

The ordeal of obtaining the checks over, I paraded round searching for a vacant seat. At last I found one at a table near a window, at which three other visitors were sitting, two young men and a girl. The men kept their hats on, as did most of the people in the dining-room, and they had writing cases with them. Evidently they were officials from the provinces. The girl was bare-headed and bare-legged, with one hand on a parcel in her lap and the other holding a book which she was reading. The three must have been trying to attract the attention of a waitress for some time, for one of them, as much in fun as in disgust, began to clang his pocket knife against a glass. Waitresses with red and sweaty faces, dressed in white gowns that were visibly spotted with grease, scurried up and down between the tables, replying to impatient customers with the universal *ceichas*, *ceichas*, a word with an elastic, or rather a variable, meaning. Ordinarily it signifies "right away"; literally it means "this hour"; and actually it means "this or any other hour to-day, to-morrow or some other day." At last a waitress favoured us with her attention. She picked up the dishes left by the previous diners, wiped up what they had spilt on the floor, picked up our checks and departed. Soon she returned with our soup and then once more forgot us. We hailed her several time as she flitted by, but she put us off with her 'ever-ready *ceichas*. Someone near by then started beating with his spoon on a plate, other impatient would-be diners joined in, and presently the room was swelling with a symphony of clanging noise. One grey-haired man sitting



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at a neighbouring table kept muttering to himself, but quite loud enough for us to overhear, *bezobrasie, bezobrasie* (shame, shame). A waitress passing by, he grabbed her by the hand and shouted: "Why do you torture us like this? Why are you workers in social dining-halls such callous bureaucrats?"

This particular waitress had evidently not yet learned to feel the sting of the word, bureaucrat, or else she had grown hardened. Quickly she wrenched herself loose and dashed off to wait on people in the lower part of the room. Thereupon the man jumped to his feet, shoved his chair violently out of the way, and muttering furiously, "Scandalous, scandalous," flung out of the room with such a show of annoyance that half the restaurant turned to stare at him. Two men rushed for his chair, a youth with a shaven head and a middle-aged man with a red face and a fluffy beard. The youth got in first, and the middle-aged man after a searching survey of the room with his big naïve eyes, took a place at the window immediately behind our table, and waited for another vacancy. Irrepressibly loquacious, he turned to us and began straightaway:

"There is no use getting impatient nowadays. A man with no self-control like the citizen who just walked out in a huff, may in a moment of excitement kill somebody or drop dead with a burst heart." There being no reply he moved away. Presently the two men at my table could no longer restrain their indignation. This lassitude, this disorder, this disregard for human patience and human needs. It was a shame, and they in such a hurry, too, to catch their train! They shouted at one of the waitresses, but she paid no heed; one of them therefore decided to go and give the manager a piece of his mind. He soon came back, and shortly afterwards the manager, a little man with a bald head sunk between his shoulders, himself brought two portions of fish for the officials. "I told my *nachalstvo*," he said, as if to justify himself, "that we needed more

\* Superiors.



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help, but they pay no attention to me, so what can I do?"

The officials hurriedly gulped down their food and left, and the bearded man instantly jumped into one of their seats, a woman with a huge shawl over her head occupying the other. The man seemed to be in an expansive, yet pleasantly informal, mood.

"If people only knew," he said, as if continuing a vein of thought on which he had started earlier, "how important it is always to be in full control of one's impulses, they would be much happier than they now are." He paused and looked at the woman and the girl and me, as if to ascertain whether we were companionable, and then went on: "Here am I, fifty-three years old. All my life I have been rushing about in search of some great happiness, always collecting things, more and more of them. Then came the Revolution, and smashed everything, my belongings, my plans, my future. But one thing it left untouched—my disposition." He leaned over toward the girl as if to see what she was reading, but she never raised her eyes.

At last our waitress brought the orders for the girl and me. She set them down, picked up the checks of the newcomers and was gone again. The man looked about the room which was now so packed that the gangways were all blocked, and the waitresses had to shout to make a way through. Then his eyes rested on me and I could feel his fixed stare. Presently he asked me where I came from. When I told him, he exclaimed, "Such a long way from home, ah!"

Now of course I knew I was in for a volley of questions, and they came one after the other. Then, as if out of a sense of sportsmanship, he proceeded to narrate the story of his own life. He had once been an architect—a *samouchka*.\* His father was a well-to-do peasant and lived in a village some fifty miles away. He had put up many a building of

\* Self-educated.



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note on the estates of various landlords, but now his career was at an end. Day after day he sat at his desk going over drawings and columns of figures, and getting 135 roubles a month. Once he had planned to go abroad, perhaps to travel in America and see something of the skyscrapers there. But all the travelling he now did was an occasional trip to his native village to buy flour, eggs, butter and meat. He did not even go to Moscow any more.

The waitress came up again at this point with his soup and the woman's, and both began eating with that rhythmic audibility which in Russia accompanies the consumption of all fluids. Suddenly he sat up as if struck by a startling idea. "*Da* (yes)," he exclaimed, pointing at me with his forefinger, "you are just the man to tell me something. The other evening some friends came to visit us at home and we were talking about America, when one of them said that he had read somewhere that Americans do not marry until late on, thirty, thirty-five or even older. Is that true?"

"Quite often it is," I replied.

"Really? And I thought that it couldn't be true and argued that it wasn't. It seemed so impossible. Why do such people marry at all?" He stared at me as though expecting an answer, but I offered none. "Now here am I," he resumed, "I married at nineteen, and now I have three children, all sons. Two of them are no longer at home—no use hanging round a father who cannot help them under a proletarian regime. One of them has almost disowned me—ashamed of having a father with a bourgeois past. He is a mechanic in the tractor factory in Stalingrad. He has not been home for three years and has even stopped writing letters, much to the distress of his mother. But he is still our son, and we have his picture on the wall. Do you understand? He is still a big part of us, and he always will be whether he comes to see us or not. The other is away studying agriculture. He does keep up more or less desultory relations with us, and he comes to see us once or



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twice a year. We have his picture too on the wall. Then there is the youngest, seventeen or about seventeen. He is still with us. Now supposing my wife and I had not married or had married late—she is fifty-two now, and I am fifty-three—well, we should have each other, but that would be all, and at our age people might die through some unforeseen cause. Suppose then that one of us did die, can you not see how dismal life would be for the other? Children, citizen, good or bad, are the greatest boon in life. Have you a wife?”

“No.”

“Ah! You know there is a Russian saying, ‘not married at thirty and not rich at forty and your life is lost.’”

“What rubbish,” murmured the girl, looking up from her book.

The man eyed her resentfully.

“Rubbish,” he snorted. “Bourgeois ideology, little girl, would have been a more becoming expression.” Turning to me again he continued :

“And now the slogan is ‘if not ruined at thirty and not dead at forty, you are no good anyway.’”

The girl squirmed with indignation.

“Why are you spewing out this nonsense?” she cried earnestly and reproachfully.

“Nonsense? Is that what it is?” he shot back, full of irritation and amazement.

“Yes, nonsense, revolting nonsense. You just admitted that you were fifty-three, much older, therefore, than forty, yet you do not look in the least ruined, and you certainly are not dead. You can talk more nonsense than anybody I know.”

“Haw, haw, what a girl!” and he laughed heartily.

“How old are you?” he asked her.

“Eighteen.”

“A *Kmosmolka* (Young Communist)?”

“No.”

“A plain citizeness?”



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"A plain citizeness."

"And a militant one! Well, well."

The girl, tired of the wrangle, returned to her book.

"Eighteen," repeated the man solemnly, "eighteen and she knows so much. She could surely tell us how many stars there are in the sky. They are all like that, these young people." Take my son, Vassily, my youngest. He is not yet eighteen, and the other evening as we were sitting down to tea he confessed to his mother that he was in love with the daughter of a neighbour, a railway engineer, and what do you suppose he told us he wanted to do?"

"Marry the girl?" ventured the woman.

"Nothing of the sort," replied the man, with a flush of indignation. "Marry the girl! Hm—. If it was only that he wanted. But no, he asked us if he could bring her to the house and live with her, imagine that!"

"Well, well, not so bad," remarked the woman, with amused astonishment.

"But we told him it was impossible," he continued. "He was so young, with his whole future ahead of him—study, work, a secure position somewhere in this chaotic Soviet world, and our two rooms so small, with such a tiny kitchen that when a sack of flour or potatoes is set down or an armful of wood brought in my wife can hardly turn round. We argued long and earnestly with him and heaped reproaches upon him, and what do you suppose he said? If we did not agree to let the girl come, he would leave us, go off to Stalingrad, where his eldest brother is, take the girl with him, find work for both and live with her there. That's what he said."

"And what did his mother say?"

"Ah, his mother, she is on the verge of a collapse. Of course, she pleaded and pleaded, put her arms round him, telling him in tears that if he ran away, she would die or go mad with loneliness. And she would, too, believe me, my dears, she would. Her whole life is wrapped up in the children, especially now that everything else we ever had, every hope



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and every ambition, have gone smash. Vassily is her idol—the youngest—and contact with him makes her, and me too, feel our other sons near again. When we see him or hear him speak, indeed, we seem to hear and see them too. And do you suppose he was much upset? Not at all. He was just indignant. It was only after his mother had cried her eyes out that he at last promised to go on living with us as he had been, and never again to bring up the subject of the girl. But he may change his mind and carry out his threat to run away with her. Who knows? But we certainly won't let him bring the girl home. *Akh*, these children!" He sighed and covered his eyes as though to hide the surge of emotion that was shaking him. The woman and I exchanged glances but neither said a word, and the girl was so absorbed in her book that she seemed oblivious of the world.

The waitress at this juncture reappeared with fish for the woman and kasha for the man. The woman at once began eating, but the man only looked at his food.

"Of course, parents don't count any more," he resumed, "but, thank God, children do. Here they do," and he vigorously pounded his breast. He took a mouthful of food, but his appetite was gone. He pushed his plate aside.

A priest who happened to be passing at once fixed hungry eyes on the uneaten food. He was humped and uncouth, his robe was soiled and tattered and his boots mud-bespattered. In one hand he grasped a bent staff and with the other a sack slung over his back, and he was muttering something. I did not hear what he said, but the man did, and pointing with his eyes at his *kasha* he said, "*pozhaluista*" (please, help yourself). With a pathetic grin the priest hurriedly picked up the kasha and the bread and scraps of fish on the plates and rolled them all up in a piece of paper and shoved them into his sack. Then crossing himself and bowing profusely he slouched off.

Dusk was now setting in, but soon a volley of electric



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light splashed over the dining-room. The time was drawing near for my train, and I parted from my companions. The crowds at the station were growing larger and larger and more and more tumultuous. The ticket offices had not yet opened—they never do in Russia until just before the trains arrive—but masses of people had already formed up into closely packed queues. Orderly queues they were, this time, for they were chiefly composed of peasants with an age-long tradition of patience and forbearance and with no idea of the meaning of time. Pushing through all these people with their bulging boxes and bundles and baskets and the heavy smells of sweat, sausage, and leather, a porter led me out on to the platform. My train was, he said, due at any moment, which in Russia may mean anything from ten seconds to a full hour, and to pass the time I strolled up and down. On a side-track among a row of freight cars I saw two with the following label :

“Perishable goods—*eggs* ;

“Destination—*Königsberg*.”



## THE CROWN AND THE DOMINIONS

**I**N any political debate it is necessary from time to time that we should remind ourselves of the distinction between those things which may be changed as the result of discussion and those which cannot. The debate itself, unless it assumes the possibility of breaking up the society within which it takes place, must move within the limits defined by those permanent conditions which are essential to the integrity and continuity of that society. Whether we are dealing with statutory changes which modify the legal structure, or with those conventional understandings, often more important, which govern its political working, the principle remains the same. New formulæ, legal or political, can change much, but their possible scope is very definitely limited.

The definition of new formulæ was the principal task of the Imperial Conference of 1926, and the details of the outline which it drew were partly filled in by the Conference on Dominion Legislation, which presented its report last February. Both documents have been under review at the 1930 session of the Imperial Conference, and the present article, written before the results of this Conference can be made public, makes no attempt to forecast the form which its decisions may take. Whatever these decisions may be, they must be confined within the limits imposed by the agreed necessity for maintaining the integrity and the continuity of our Commonwealth, and there is no reason why the discussion of these limitations, which are essentially permanent, should await the publication of the results of the Conference.

### I. THE KING AND THE GOVERNORS-GENERAL

**T**HE most important limitations are those which are a necessary consequence of the constitutional position of the Crown itself. The Conference of 1926 found itself



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able to agree upon "a definition of the position held by the Governor-General as His Majesty's representative in the Dominions," and this "definition" was formulated as follows :—

In our opinion, it is an essential consequence of the equality of status existing among the members of the British Commonwealth of Nations that the Governor-General of a Dominion is the representative of the Crown, holding in all essential respects the same position in relation to the administration of public affairs in the Dominion as is held by His Majesty the King in Great Britain, and that he is not the representative or agent of His Majesty's Government in Great Britain or of any Department of that Government.

This formula, like others in the same document, must clearly be read *sub modo*, but in this case the qualifications had to remain implicit. It defines the position of the Governor-General only by reference to something which is left undefined. Logically, this may be unsatisfactory; politically it was unavoidable. Obviously the Conference could not have attempted to "define" the position and functions of the King. But the student may rush in where statesmen fear to tread, and no student of political life can fail to observe that the Governor-General is not, and never can be—even "in all essential respects"—the equivalent of the King himself.

In order to realise this we need not dwell upon purely legal distinctions, important though these may be. No Governor-General enjoys a complete legal delegation of the royal prerogative, and the fact that certain powers, particularly those relating to foreign affairs, are by law reserved to the King has practical consequences of the first importance. But even within that area of internal government in which the prerogative is fully delegated the essential differences between the King and a Governor-General are fundamental and permanent.

The most important distinction is also the most difficult to define in precise words, because its basis is really psychological. That is to say, it is a matter of how we feel



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towards the King. This feeling may vary with individuals ; but, whatever it may be, it is certainly something quite different from the feeling which anyone in the Dominions entertains towards a Governor-General. No formula drafted at any Imperial Conference can make the respect due to a high official equivalent to the personal loyalty which is rendered to a sovereign. Here, indeed, we are dealing with a part of the corporate life of our Commonwealth, which legal and political formulæ can neither create, destroy, nor preserve. The feeling of personal loyalty towards the King is something much more than a "sentimental bond." It is an integral part of the political structure of this Empire, and for it there is no substitute. Should this feeling in fact disappear, no definition of official functions, however ingeniously drafted, can ever take its place.

This fundamental distinction between the sovereign himself and his representatives may seem somewhat elementary, and the only reason for insisting upon it here is that it appears to have been overlooked by some of the more theoretical writers who have been anxious to work out in detail what they call the "logical consequences" of the Report of 1926. There is no reason to suggest that such obvious considerations were not present to the minds of the responsible statesmen who signed that document. Clearly their formula must be read negatively rather than positively, as a warning rather than as a definition. It means, in effect, that the Governor-General is not to take sides in local politics, and that he is not to regard himself as the local mouthpiece of the Dominions Office. In so far as this is a definition, it serves to define a situation which had already been reached in practice.

If we should attempt to read the formula positively as meaning that the Governor-General should be regarded as actually equivalent to the King, this would imply an instruction, not only to the Governor-General, but also to the Dominion Ministers. It would compel them to treat



# The King and the Governors-General

## THE ROUND TABLE

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## The Crown and the Dominions



## The King and the Governors-General

him as if he were the King, which in fact they have never done. It is commonly said in the Dominions that the Governor-General is merely a "rubber stamp." Into the precise accuracy of this rather contemptuous metaphor we need not stop to inquire. The point to notice is that the phrase is one which could not possibly be used of the King by any responsible person in this country, not only because such language would be disrespectful, but also because it would be positively untrue. Only a very few are in a position to appreciate fully the part played by the Sovereign in our political life, and those few are seldom free to speak of what they know; but it is common knowledge that the King's daily work is something wholly different from that of any Governor-General. The fundamental difference between the two offices has its necessary consequences in the actual practice of government. Too literal a reading of the 1926 formula would mean that the Dominion cabinets would have to concede to the Governor-General, as the King's representative, a much more active rôle than they have been accustomed to concede to him as the representative of the British Government.

If then we can agree that the Governor-General is the representative, but not the local embodiment of the King, certain practical consequences follow. Clearly, this affects the question of the proper method of tendering advice to His Majesty. According to the more extreme equalitarian school, each Dominion cabinet stands in exactly the same relation to the King as the cabinet in London, and, therefore, has the right, without any intervention on the part of British Ministers, to demand the King's assent to all documents of state. The difficulty of this theory is that it concentrates wholly upon an alleged right of the Dominions. To the King it assigns duties, but no rights. It apparently assumes that the King is bound to sign any document which a Dominion Minister may choose to send to him through the mail. Any such assumption is not only inconsistent with any proper



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conception of the Sovereign's dignity, but it also ignores the actual practice of government in this country. The King is unquestionably entitled, as a matter of absolute right, to the personal attendance and counsel of his Ministers. If it is his duty ultimately to accept the advice which they may feel bound to offer, this duty is conditional upon their duty to present to him, orally and confidentially, every argument bearing upon the question, giving at the same time full weight to any considerations which he may think fit to urge. Manifestly this duty is one which cannot be discharged by any cabinet except the cabinet of Great Britain. It is one of those differences of function upon which the 1926 Report rightly insists, and it is a difference which is a necessary and logical consequence of the King's own functions.

Once this is realised, the problem of the responsibility for tendering advice to the King falls into its right perspective. The rule that communications between the Dominions and the King must pass through a Secretary of State can no longer be presented as a denial of the doctrine of "equality of status" or as an insistence by the British Government upon retaining the old colonial principle of a central control. It appears at once as an essential attribute of the King's own office, as a necessary condition for the proper discharge of his personal duties under the constitution of our Commonwealth. The King cannot be given in the Dominions a status inferior to that which he holds in the mother country. If he is a real sovereign in England, he cannot be transformed into a "rubber stamp" for the use of Canada or Australia.

But, although physical reasons prevent the King from enjoying the attendance and advice of his Dominion Cabinets in person, there is a *via media*, suggested to us by an Australian correspondent, namely, the presence at Whitehall of a Dominion Minister—the term is used in its constitutional and not in its diplomatic sense—and it may be that this will be preferred to using the Secretary of



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State. Such a Minister would have, of course, to keep in the closest touch with his colleagues, whose confidence it would be necessary for him to enjoy, and, his office being essentially political, he would share their responsibility to the Dominion Legislature. He could no doubt also fulfil the functions of High Commissioner as well as represent his Government for all ordinary purposes in their relations with the British Cabinet. It has already been suggested in these pages that the High Commissioner might be raised to Ministerial rank and act in some such capacity, but we contemplated the functions of an ambassador rather than those of a Cabinet Minister on account of the difficulty of keeping the necessary touch and confidence with colleagues thousands of miles away, and the question of His Majesty being furnished with direct advice from his Dominion Governments was not at that time in our minds.

Let us now turn to another aspect of the same problem. The question of the proper method of appointing a Governor-General has recently been raised by the suggestion made in Australia that the successor to Lord Stonehaven should be an Australian nominated by the Commonwealth Government. If this suggestion were to be pressed and accepted, the new practice would be, not a "logical consequence," but a definite rejection of the principle laid down in the Report of 1926. The principle there laid down is that the Governor-General should represent, not the British Government, but the Crown itself. From this it would seem to follow that the appointment of any individual should be the personal choice of the King. It is generally understood that in these matters practice has always conceded to the Sovereign a wide measure of independent judgment, and that no recommendation is strongly pressed against his personal wishes. The formula adopted by the Conference would clearly seem to imply that this prerogative of the Crown should be strengthened rather than weakened. Under the new dispensation the Governor-General represents, not the policy of the Whitehall cabinet,



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but the King's person and the royal dignity. That being so, it is clear that he must at least be an individual well-known to and personally approved by the King himself as well as a *persona grata* in the Dominion concerned. If he is to become in effect the nominee of the Dominion Government, then it is obvious that the King's control over the appointment will be reduced to a vanishing point. In practice, the nominee would usually be a prominent politician who has either retired from politics into private life or been placed on the judicial bench. In either case he would almost certainly have been closely identified with active politics in his own country, and for this reason alone he would be particularly unsuited to represent the King's person in that Dominion. Since the office would be the most dazzling gift within the patronage of each Government, it is idle to hope that it would not be the object of keen competition or that the strongest political pressure would not be used in order to forward particular candidatures. Furthermore, we must remember that the Dominion Government, if it is to become responsible for the nomination, must be prepared to defend its action against parliamentary criticism. This means that we may expect lively debates in which the personal merits of a new Governor-General will be acutely criticised by those who are best acquainted with his political career. Since the responsibility for advising an appointment necessarily involves the responsibility for advising a recall, it will further follow that the Governor-General's tenure of office may depend upon the course of politics in the Dominion over which he presides. In a word, acceptance of the Australian proposal would result, not in increasing, but in diminishing, any resemblance there may be between the Governor-General and the King. It would therefore amount to a definite repudiation of the principle unanimously laid down in 1926.

Here again the essential thing is to get the right perspective. If we envisage inter-Imperial relations as a



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kind of competition between jealous governments suspiciously watching each other to detect the least encroachment upon one another's equality, then indeed it is difficult to defend the practice which enables one government to appoint even the titular head of another. Pressed to the last extreme of logical absurdity, the strict doctrine of equality might even compel us to demand that the British Government should be allowed to nominate the King. If, however, we shift our point of view, if we begin by taking the Crown as the natural and necessary centre of our unity, and then proceed to study the implications of that principle, the problem of the right method of appointing Governors-General at once takes on a new aspect. The centre of unity must be a reality, and the King, if he is to be really the keystone of the structure, must be something more than a fiction or a shadow. Those who are to represent his person must enjoy his confidence, and they must share his own detachment from the party politics of every part of the Empire. If unity is to be found in allegiance to the King, then it becomes all-important that the King himself should not be divided. He cannot be transformed into a puppet pulled in seven directions by seven governments. We must concede to him the necessary attributes of his office, and this means that we must assign special functions to the only group of Ministers with whom he can maintain a continuous personal contact.

In all this there is nothing inconsistent with the doctrine of "equality of status," which, as the Report itself reminds us, is only intended to express "the negative relations in which Great Britain and the Dominions stand to each other." On the contrary, it is a necessary inference from the principle that all parts of the Empire are "united by a common allegiance to the Crown," and it serves to illustrate the maxim, no less important, that "the principles of equality and similarity, appropriate to status, do not universally extend to function." A moment's reflection will make it clear that the only functions still reserved to the British



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Government are those which could not be divided without encroaching upon the constitutional position of the Crown.

### II. THE QUESTION OF SECESSION

**A**N unfortunate and unnecessary debate in the South African Parliament recently disinterred the question of the so-called "right of secession."\* Manifestly this again is a problem which cannot be solved by the drafting of any formula, legal, or political. A healthy society does not usually discuss its own disintegration, and the debates of 1926 proceeded upon the assumption that all were agreed upon the need for preserving the unity of the Commonwealth. But if we must discuss this question, we may best approach it by recognising at the outset that this is one of those fundamental issues which are as foreign to a constitutional conference as a motion asserting the "right to atheism" would be to the agenda paper of the Church Assembly. Viewed as a legal or theoretical question, the claim to secede is clearly inconsistent with the acceptance of a common allegiance, since allegiance cannot be dissolved by the unilateral act of the subject. It is equally inconsistent with the principle of equality of status, for the rights of the Dominions in this matter cannot be higher than those of Great Britain, and it is not claimed that in this country the Ministers or the members of the legislature can throw off their allegiance at will. If, on the other hand, we attempt to envisage the question as one of practical politics, we are at once met with the difficulty that we cannot predict the correct solution of any particular problem until we see the form in which it presents itself. Each particular case is essentially *sui generis*. Seventy years ago in the United States the claim of certain States to secede was promptly denied, and this denial was enforced by arms. In our own time the age-long dispute between Great Britain and Ireland has been ultimately settled by a compromise based upon the acceptance of a common

\*THE ROUND TABLE, No. 80, September 1930, pp. 881-883.



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allegiance, and this settlement is embodied in a treaty which can only be altered by mutual agreement. On the other hand, the union between Sweden and Norway was peacefully dissolved by consent, and the control of Denmark over Iceland has been amicably replaced by a bare personal union. No government in any part of the British Empire is at present demanding to secede, but it is quite impossible to predict that no such demand will ever be made. It is equally impossible to devise any abstract formula in the light of which such problems can be solved, when they arise. Any case that does arise will be complicated by a hundred practical difficulties which no formula can resolve, and we can only hope that the statesmanship of the day will prove equal to its task.

Within the limits of this article it is clearly impossible to discuss the application of these principles to all the various problems of foreign policy, defence, and economic co-operation with which the Imperial Conference is called upon to deal. Suffice it to say that the answer to each particular question, whether it be a question of policy or of mechanism, must be governed by those conditions which are imposed by certain fundamental facts. These conditions are not unalterable, but their alteration can only be achieved, even peacefully, by a revolution. The most serious criticism of certain theoretical efforts to work out in detail the "logical consequences" of the Report of 1926 is that they are not logical enough. True logic demands that the Report should be studied as a whole, and any deductions drawn from its statements of general principle must be subject to the same limitations as those which the Conference recognised as binding upon itself. The principle of a common allegiance and the principle of differentiation of function are in every way as important as the principle of equality of status. The logic of good government is certainly not so easy an intellectual exercise as the working out of a scholastic syllogism, but it is none the less based upon first principles.



## CANADA : AN IMMIGRANT'S IMPRESSION

### I. THE ONE AND THE MANY

*Cælum, non animum, mutant qui trans mare currunt\**

THERE is good reason for believing that the future of the British Commonwealth depends very largely on a realisation that the familiar tag is no more than a half-truth. The other half, left uncovered by a threadbare phrase, promises to be much the more important. For, if we take *cælum* in the wide sense of all the necessities that are imposed by a complete shifting of the geographical seat of home, we shall have to agree that a change of *animus* must follow in due course upon the change of *cælum*. So, as is the manner with proverbial tags, we must eke out the shortcomings of one by a judicious modification of another : *Sedes mutantur, et nos mutamur ab illis*. To know the change and feel it has been the lot of every emigrant who has been more than a bird of passage, as it has been the lot of the writer of this paper.

If, then, the combined statement with its mutually corrective halves is to be taken as the whole truth, we are faced, in any effort to forecast the future of the British Commonwealth, with the old dialectical problem of the one and the many. The danger now is that, at the centre in England, habit and necessity and a still under-informed

\* See article "France and Germany," in No. 50 of THE ROUND TABLE.



## The Costs of British Industry

money. Any tendency for exports of capital to exceed the balance available when all imports and exports of commodities and services have been accounted for, along with international interest payments, must inevitably put a strain on the exchanges and so force up rates of interest at home to a level unjustified by the internal situation alone. The consequent discouragement of potential home borrowers is itself a cause of unemployment, since resources of men, money and machines available for the production of constructional goods are forced into idleness by lack of demand. The restoration of the £ sterling to its pre-war parity, while it probably aggravated this maladjustment, cannot have created it, since it was already apparent some years before the decision to stabilise was taken, when the £ still stood at a substantial discount in relation to gold.

The same problem may be regarded from another aspect. The volume of demand for labour, under given competitive conditions, must vary according to the price that is asked for it. The existence of an abnormal volume of unemployment ever since 1924 shows that, at any rate in relation to circumstances other than the cost of labour, wage rates on the whole were even then too high. That is a simple logical deduction which cannot be escaped or hedged. Whether the other circumstances might have been altered is another matter. Since 1924, though the cost of living has fallen by 20 per cent., wages have remained practically without change. Real wages are therefore considerably higher than in 1924. What it is important to urge is that attention should not be concentrated upon the old exporting industries, where wages were actually being cut, as though they were for ever and ever to be the country's sole means of support, but rather on the new ones, and on those which might have become exporting industries if their costs had been lowered; over this field of industry, with scarcely an exception, wages and conditions of labour were comparatively generous. They were, indeed, too generous in relation to the volume of international trade which the



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country has been vainly trying to maintain, and the primary reason for their maintenance at an uneconomic level was the failure of unemployment elsewhere to exert due pressure upon them. There are a host of reasons for this—housing shortage in the expanding areas, trade union defences of all kinds, restrictions upon entry into industry, the terms of unemployment insurance, casualisation and organised short-time practically subsidised by the State. Immobility and lack of adaptability in her labour force have been perhaps the most powerful single cause of large scale unemployment in Great Britain.

But labour is not the only charge upon industry. Could other costs have been reduced sufficiently to enable industry to pay the same money wages on the average and yet employ all those available for work? It may be so. Demarcation friction between union and union, unnecessary restrictions upon the rate and method of work, are among the artificial rigidities introduced by the trade unions into the industrial structure, all of which are costly, not merely to individual employers, but to the country as a whole. Artificial rigidities introduced by employers include the operation of rings and combines and the use of short-time working as a long-run alternative to concentration of work. None of these things could be afforded at a time when adaptability was the first essential of national economic strength. Excessive competition resulting in the retention of redundant and out-of-date plant could not be afforded either. Marketing methods abroad might have been improved, demand might have been stimulated at home by a reduction of the costs of distribution, the incidence of taxation—especially on industries whose machinery has to be frequently scrapped—might have been made more equitable. A great distance has still to be trodden along all these roads.

The cost of capital has also been high. Had it been possible to divert a greater flow of savings into home investment, not merely would the cost of capital to British pro-



## Conclusion

ducers have been reduced, but the very need for a cut in their costs in order to secure a greater volume of exports would have been diminished, since investment overseas would presumably have fallen off at the same time, and a smaller net export of goods and services have been required to cover it. British investors have been discouraged from investing their savings at home, chiefly by the higher rates obtainable on overseas securities, and by the unprofitability of the great staple industries ; for the same reasons, home industries have been discouraged from borrowing.

No doubt can exist as to the urgency of the need for an all-round reduction of British industrial costs. The reports of the Economic Mission to South America and of the recent coal mission to Scandinavia—to take only two instances—tell a tale of markets being lost to competitors who undercut Great Britain not only by their enterprise, but also by the cheapness of their goods. Moreover, there are already signs that wages are likely to be substantially reduced on the continent of Europe and in the United States. Mr. Henry Ford, raising the wages of his employees to meet—or to defy—the industrial depression, is a voice in the wilderness. The prospect of reduced wages in Germany, in France, in Belgium, in Czecho-Slovakia, in the United States, is a sorry one for Great Britain. If she was out of adjustment long ago, and is so now, she would be doubly out of adjustment then.

## VI. CONCLUSION

**F**AR more important than anything else for all countries, including our own, is a world rise in prices, bringing with it a recovery in world trade ; but no country by itself can bring that about. Central Banks may be able to remove obstacles to such a rise ; beyond that it must come from the general economic conditions themselves. Here, however, we shall omit reference to all but such remedies as lie in our own hands.



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The need is as clear as it is urgent for the co-operation of all the parties to industry—of the workpeople, in minimising the artificial restrictions upon the labour that they offer, and, if other remedies fail, in accepting a reduction of wages to accord with the fall in prices, beginning with the sheltered industries ; of the salaried employees, in sharing with the wage-earners in any sacrifices which have to be made ; of the employers, in securing the reorganisation of their industries, on the basis of efficiency, not of monopoly ; of the investors, in subscribing towards the raising of industrial capital ; and of the State, in removing those unnecessary restrictions upon industry which it has itself introduced, and in furthering the efforts of the other parties to restore to British industry its adaptability and competitive strength. There are two things which the Government can undertake spontaneously and without reliance on the co-operation of others. The first is the thorough reform of the unemployment insurance system, so as to remove from it both the taint of subsidised idleness and the accusation that it throws sand into the wheels of the industrial machine. The second measure is a sincere attempt at public economy, thorough-going but not parsimonious. Those two reforms are the condition of a real restoration of business confidence in Great Britain.

One participator in the national income who has gained automatically by the fall in prices has not yet been mentioned. The problem to making the rentier pure and simple share in the adjustment to a world fall in prices is extremely difficult. The fact that holders of fixed-interest-bearing bonds have gained, with all other recipients of fixed income in industry, immensely increases the difficulty of securing general reductions of wages. Yet as a rule the rentier is not simply a receiver of a fixed money income like a wage earner. He is very often, perhaps usually, a shareholder and "enterpriser" too, and what he has gained as a rentier he has probably lost, and more than lost,



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as a shareholder. Moreover, his gains as a rentier have been balanced by his sacrifices as a payer of income tax and super-tax. Lastly, it is a dangerous principle to fix the rewards of the rentier according to an index number of prices. If the rentier is penalised now, is he to have the right to compensation if prices rise? If there is a large rise in prices, wages may be expected ultimately to rise too (though not to the full extent of the rise, if we are to cure our disequilibrium). But it would be a new principle indeed that the rentier should not take the risk of such a rise. Had prices risen and not fallen, not a voice would have been raised to demand any adjustment in his favour. Suggestions have been made that a further differential tax should be imposed on "unearned incomes." But would such a tax decrease if prices were to rise again? Thus, any attempt to penalise the rentier bristles with difficulties.

Public works are a palliative, they can never be a cure of long-term unemployment, though they might turn the scales in a short depression. Devaluation and inflation are attractive expedients, but they lead to a very steep and slippery slope, and the experience of the past five or ten years does not encourage any reliance upon the powers of our industrial, financial and political leaders to negotiate it with wisdom and discretion. Protection cannot so easily be dismissed, but a consideration of the special reasons which have been bringing it to the fore, their merits and demerits, must be reserved for a future article.

The fact remains that Great Britain is in a specially difficult situation, calling for special efforts and qualities. She cannot be a "closed system." More than any other country, we live in, and depend on, the rest of the world. To meet the changing circumstances of the world we must therefore show the utmost resilience, elasticity, adaptability, efficiency and openness to new ideas, methods and inventions. Rigidity of ideas among employers and men, trade union restrictions, heavy taxation, in particular all that is covered by the word "dole," the socialistic



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tendency to belittle and depress private enterprise, are rendering us a very inelastic nation industrially. While we must wait upon world conditions for the return of real prosperity, it is in these spheres that reform is urgently required, if the lifting of the depression is not to find us in a still more difficult position than we were in when it descended upon us.



## INDIA : CONFERENCE OR INTRANSIGENCE

IT is six months since the writer dispatched from India the last instalment of this chronicle of events, and it is common knowledge that they have been six of the most crowded and fateful months in the history of British India. She has been vexed by armed aggression from without her borders, and riot and lawlessness within them. But, happily, this is not the whole story, for, in spite of misfortunes and distractions, the movement which began with Lord Irwin's pronouncement of November 1 last year has not been brought to a standstill. It has, if anything, gathered strength from bitter experience, for there can be none so blind as not to see how perilously near to catastrophe the country has been brought by men who, whatever their motives may have been, have set in motion forces which they cannot control, and have brought about results which will torment the country and its people for years to come. This movement, on which so much depends, is, of course, the movement for co-operation between Great Britain and India in the search for a peaceful and statesmanlike solution of the Indian problem. That problem will, with the arrival in London of India's representatives to the Round Table Conference, come up for definite decision. Our last estimate of the forces for and against a peaceful solution by conference has, however, held good in its main outlines.\* All the parties, and practically all the individuals, who then supported the Conference are still supporting it. It may be, indeed it is certain, that storms of other kinds and from different quarters will blow. It can only be hoped that the Conference will survive these too.

\* See THE ROUND TABLE, No. 79, June 1930, pp. 507-519.



## India : Conference or Intransigence

### I. THE INDIAN SCENE

THE period under review has been exceptionally full of incident and interest. There was India's reaction, both official and non-official, to the Simon Report; the nomination of the Indian delegates to the Conference; the tumults and disorders of the civil disobedience movement; the disturbances along the frontier from the Khyber in the far north to Waziristan in the south; the general election; the session of the Indian Legislature; the abortive peace mission of Mr. Jayakar and Sir Tej Bahadur Sapru to Mr. Gandhi and the two Nehrus; the attempts on the part of Indian politicians to secure a united Indian front at the Round Table Conference; the recrudescence of political assassination in Bengal and the attempt to carry it into other provinces; the proscription of the Working Committee of the All-India National Congress. Events have crowded upon events. But our list is far from being a mere chance collection of heterogeneous incidents and people. A closer inspection will reveal to the observer certain outstanding features which give design and arrangement to the whole. There is first of all what may be called the contest between Gandhism and Irwinism, both beyond doubt in pursuit of the same ideal; but with very different ways of following it. The first-mentioned uses a method which has repeatedly led to the sort of troubles which have racked India for the last six months, and the second a safe and practical line of advance. Non-co-operation or conference has been the choice, and it is well for India that there has been an alternative at all. Without it, strong bodies and interests which have stood aloof from the Congress agitation, or even opposed it, would have remained at best just passive spectators of a movement with which they sympathised at heart, or else they would have become mere partisans. Subsidiary to



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the main features but standing out boldly from the picture are the rival loyalties and ambitions of the different Indian communities, and the political problems of greater or less magnitude which arise out of this rivalry. But overshadowing every other feature we have India's common interest in her future place in the British Commonwealth, and the road by which she is to march to it.

Six months ago the whole outlook was confused and threatening. It needed a close knowledge of Indian politics and personalities to retain any confidence that the Round Table Conference would take place at all. The first phase of the unrest, Mr. Gandhi's defiance of the salt laws, and the spectacular breaches of the same law by crowds of excited persons to which it led, had virtually come to an end, even before the Mahatma's arrest and incarceration in Poona gaol. Peshawar and Chittagong, followed not long afterwards by Sholapur, and the long drawn out and still continuing disturbances in Bombay, marked the rise of a second phase, a different and far more formidable one, a phase which compelled the Government of India and the Viceroy to put into effect the various emergency powers conferred on them by law. Happily, direct action of this kind has not spread to any extent outside the places mentioned, though the ceaseless activities of Congress workers, employing a technique which we shall examine shortly, spread throughout India, and produced an anxious and dangerous situation which affected great tracts of the country. By the end of June, however, it was possible to trace a distinct ebb in the tide of disorder, and July witnessed a definite slackening in Congress activities everywhere, except in one or two places. Unfortunately, this ebb had no sooner set in than the subterranean activities of the terrorist and anarchist, the sure and certain product nowadays of any widespread political agitation in India, particularly in Bengal, began to manifest themselves. In August these sinister activities culminated in the murder at Dacca of Mr. Lowman,



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the Inspector-General of Police in Bengal, one of the most distinguished police officers in India, in the attempted murder and serious wounding of one of his brother officers, and in the murderous assault in broad daylight in the streets of Calcutta on Sir Charles Tegart, the famous Commissioner of the Calcutta Police. In September a large store of bombs, and other preparations for revolutionary crime, were discovered in the Punjab, and at the end of September and in the beginning of October there were attempts to assassinate police officers in Bengal, the United Provinces, the Punjab and the North-West Frontier Province. During this period, too, attacks began on small parties of police in various parts of India. Nevertheless, by the end of July, there were plain signs of uneasiness among Congress workers and of revulsion and disillusionment among the masses, both rural and industrial, except in Bombay, which has throughout remained the storm centre and the headquarters of the civil disobedience movement, in the United Provinces, which is the home of the Nehrus, and in the Central Provinces.

Perhaps the most marked and, from the point of view of Congress, one of the most successful, sides of the whole civil disobedience movement has been the boycott of British goods. When their other efforts began to fail, Congress workers turned to this weapon with redoubled zeal, enlisting large numbers of young men, boys and even women, to picket shops, and otherwise to harass and intimidate dealers in British goods, particularly in cotton piece goods. At the same time there was the picketing of liquor shops and the obstruction of auctions of liquor licences, with the object of depriving the provincial governments of their excise revenues. The result has been immense loss, not only to the authorities, provincial and central, from the drop in their revenues, but also to the unfortunate Indian dealers, many of whom have been literally ruined. At the time of writing, the boycott is also breaking up, largely because the worm in time is bound



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to turn, and the chief victims, these same Indian dealers, finding courage in their very despair, have rebelled against Congress tyranny. But the national revenue accounts for this year will make sad reading. Not the least serious effect of the boycott has been the dragging in of women and school children, many of the latter mere infants. Ideas and lessons have in consequence been inculcated which will assuredly bear bitter fruit for future governments of India, whether Indian or British. In particular, Bombay City has been the scene of constant strife between boycotters and demonstrators and the police. That unhappy city has indeed scarcely known a single day's peace since the beginning of the summer.

As we have seen, however, all over India—with the one exception of Bombay City—there has been, to put it at its lowest, a lull in the civil disobedience movement. It began to show itself towards the end of June, and it has not yet broken. Naturally, however, this lull did not start of its own accord. Both the Government of India and one or two of the provincial Governments had to take determined action. At the end of June, the Government of the United Provinces proscribed the Working Committee of the All-India National Congress, the headquarters of which were at Allahabad. About the middle of May, this Committee had issued a series of resolutions designed to stimulate civil disobedience, including the refusal to pay certain taxes, and had advocated a more thorough boycott of British goods. In June, it openly defied the recently promulgated ordinances for the prevention of intimidation and unlawful instigation. But, worst of all, the Committee had attempted to seduce the troops and police, making use of their organisation of Congress Committees in the provinces for their purpose. Lastly, there was good reason to believe that the Committee was instigating unrest in trans-border areas. The chief leaders of the movement, among them the two Nehrus, Mr. Patel, ex-president of the Legislative Assembly, and



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Pandit Madan Mohan Malavaya, had, moreover, to be arrested at various times for breaches of the law. All this necessitated further extraordinary legislation in the form of ordinances and, in addition to the two already issued for the prevention of intimidation and unlawful instigation, a third had to be passed at the beginning of October authorising the Government to take possession of premises occupied, and movable property owned, by associations which had been declared unlawful. The promulgation of this new ordinance followed an announcement by certain of the civil disobedience leaders that they intended to set up a parallel government on the Irish model, with courts and administrative officers complete. The new ordinance had to be put into force immediately in Bombay, and on October 15 there was a big round-up, the Congress offices and those of certain allied bodies being raided, and large numbers of persons arrested. This drastic action put an end, for the time being at any rate, to the attempt to set up a parallel government.

To add to the Government's difficulties, Hindu-Moslem tension had been constantly growing all this time. Two outbreaks, at any rate, are serious enough to deserve special mention. One took place at Dacca in June which resulted in a number of casualties and left a strained situation for weeks ; but there was an even worse outbreak at Sukkur in Sind in August, when about fifteen people, mostly Hindus, were killed, and over a hundred, again mostly Hindus, were hurt. This last outbreak threw an immense strain on the authorities. It came at a time when they already had their hands more than full as a result of the destructive floods on the lower Indus. But from the beginning of the summer the Moslem reaction to the activities of Congress has been growing more and more serious, and by the end of September Moslems were holding counter-demonstrations of their own, particularly in Bombay. The well-known Moslem left wing leader, Mr. Shaukat Ali, had indeed to issue a public warning that, if the activities of



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Mr. Gandhi and his followers did not cease, there was bound to be a Hindu-Moslem riot on a very large scale.

Lastly, in this tale of woe, it is necessary to notice the state of affairs on the Frontier. The outbreak at Peshawar was mentioned in our last despatch, and also some of its attendant circumstances.\* All through the summer parts of the Frontier Province, particularly the Peshawar district, remained in a grave state of unrest. But at the moment the internal situation is fortunately well in hand. The position has been very difficult—at times even critical—on the Peshawar, Kohat and Bannu borders. By the end of June the Lashkar of the Haji of Turangzai had been finally driven out of the Peshawar district, but the Haji then began to negotiate with the Afridis with a view to further trouble. Moreover, hardly had he been turned out of the Peshawar district when unrest developed away to the south, in Waziristan, early in July. This was, however, quickly suppressed after a certain amount of skirmishing between scouts and regulars and the Mahsuds, and a certain amount of bombing by the Air Force. But by the end of July it was clear that the Afridis were working up for trouble on a large scale, and towards the end of the first week of August the eruption into the Peshawar district, which for a time presented the authorities with an undoubtedly formidable problem, began. From five to ten thousand Afridis took part in it. The Air Force immediately took the offensive, and on the 8th the Cavalry was also in action. On August 9 and 10 gangs of raiders actually attacked various parts of Peshawar City, but by the 12th the bands were in full retreat over the border, having been most effectively shelled. In August, too, a serious situation developed for a time in the Bannu district. The Hathl Khel Wazirs live on both sides of the administrative border, and the trouble began on our side. It was, therefore, found necessary to disarm the villages near the border

\* See THE ROUND TABLE, No. 79, June 1930, p. 523.



## India : Conference or Intransigence

at the end of the month, and during the process suddenly resistance developed with the result that a British officer was killed. This, however, finished the trouble in the Bannu district, and since September, although there has undoubtedly been tension in places along the border, there has been no overt disturbance worth mentioning.

### II. THE CONSTITUTIONAL ISSUE

TURNING now to what is, after all, a more fundamental side of Indian affairs, it remains to notice the reception accorded to the Simon Report and the main course of Indian politics, especially the attempt of Mr. Jayakar and Sir Tej Bahadur Sapru to bring about a settlement between Mr. Gandhi and the two Nehrus and the Government.

The reception of the Simon Report in India could, of course, broadly speaking, be foreseen. The lines on which political opinion in India is divided, and the way in which the publication of the Nehru Report in August, 1928, proved to be the beginning of a new Hindu-Moslem situation—a situation, indeed, which still exists—have already been explained in these pages.\* Outside Congress the field is split between the All-India Moslem League, which now includes all sections of Moslems, and the All-India Hindu Mahasabha, both of which bodies are concerned, for the present, mainly with the “communal” aspect of politics rather than with the broader national aspect. In other words, Moslems and Hindu Mahasabha want to see certain points at issue between them settled before they proceed to consider the broad outlines of the future Constitution of India. Now, the Simon Report obviously could not please either of these bodies. It could not please the Hindu Mahasabha because it retains the communal electorates, and it could not please the Moslems

\* See THE ROUND TABLE, No. 73, December 1928, p. 110.



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because it does not guarantee them the majority which they claim in the Legislative Councils of the Punjab and Bengal, by virtue of their numerical superiority in those provinces. It does not, moreover, extend the reforms to the North-West Frontier Province, nor does it propose the creation of a new province in Sind, these being the four specific points on which they and the Hindu Mahasabha are at variance. The Indian Liberals who, at the moment, are making much the same sort of claim as the Congress party made a year ago, naturally complain that the Report does not go anything like far enough for them, and, in particular, they object to the overriding powers assigned to the provincial Governor, and to the refusal to grant responsible government at the centre. The Congress party simply refused to discuss the Report at all. European opinion in India on the other hand, on the whole, accepts and supports it, but it cannot be denied that the Round Table Conference robbed the Report of a good deal of its importance, and this came out clearly at the summer session of the Indian Legislature in July. Normally, the Report would certainly have given rise to a series of fierce forensic duels, but actually it caused hardly more than a languid interest. It was cursorily discussed when the question of the expenses of the Indian delegates to the Round Table Conference came before the House, but it was generally agreed by the Opposition that important matters connected with it would be better discussed at the Conference. Apart from this, the only noteworthy feature of the session was Lord Irwin's speech, in which he defined the scope of the Conference, and showed that it would be no more limited than the announcement of November 1, 1929, had promised. "It is clear," he said, "that His Majesty's Government conceive of it, not as a mere meeting for discussion and debate, but as a joint assembly of representatives of both countries on whose agreement precise proposals to Parliament may be founded." The Viceroy also gave a full review of Congress activities,



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and referred in impressive terms to their inevitable results. The speech was favourably received both by the House and the country, and one of its immediate effects was an appeal by a number of political leaders for co-operation in the work of the Conference, which was issued after a meeting of various political parties, as a result of which the proposal was made that Mr. Jayakar and Sir Tej Bahadur Sapru should try to bring about a reconciliation between the point of view of the imprisoned Congress leaders and that of the Government. It is now a matter of common knowledge how these two gentlemen asked and were afforded facilities for seeing Mr. Gandhi and the two Nehrus in prison, and the Nehrus were, in their turn, allowed to visit Mr. Gandhi in gaol at Poona to discuss the matter with him. The only upshot was a series of demands put forward by the Congress leaders which no Viceroy could have accepted. To mention only one of them, they demanded that the Round Table Conference should meet only to draw up a scheme of government for India which should be equivalent to full Dominion status, with certain temporary reservations. Lord Irwin naturally replied that he was unable even to discuss such a demand.

The general elections to the Indian Legislature were held in the autumn, but as the Congress party refused to stand, they lost much of their interest, although there was one important new development. The well-organised powerful non-Brahmin party in the south captured a number of seats and will undoubtedly be an important factor in the life of the Assembly.

Such, in broad outline, has been the course of events during the period under review. The Congress party will not be present, but the fact that the Round Table Conference has been able to meet, and with so full an Indian representation, is both a triumph for Lord Irwin's policy and a thing of hope for the future. Indian unrest is certainly only scotched, not killed. The experience of the last ten years has shown that Congress agents can nearly always



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stampede the masses, whether in the town or the country. Their methods are invariably the same. They play on the undoubtedly low standard of living which prevails among the Indian masses. The burden of their appeal is that providence has placed these masses in a bountiful country which produces two crops a year, and all that the heart of man can desire. Yet the foreign Government takes away the whole surplus of the land and leaves it with a bare living for its people. Youths of the student class, and women, nowadays in increasing quantities, are used as emissaries to spread their propaganda and to intensify the effect of the agitation, and as long as there is widespread poverty in India so long will these specious arguments have their force. The standard of living has been steadily rising for the last few decades, a fact which is capable of proof to any student of economics, but a truth of this kind can hardly be expected to be self-evident to an agricultural or an industrial labourer. Lessons from the experience of Ireland and Russia are, of course, freely drawn upon by Congress agents. The results we have been witnessing for the last six months.



## RUSSIAN REALITIES

**I**N Russia, if one has an interest in the passing scene, time never hangs. In the midst of friends in a bustling metropolis, among utter strangers in a mud-sunk hut out on the steppe, the physical surroundings may be oppressive, but the social panorama never is ; for Russian humanity is always intriguing, and was never more so than in these days of stress and excitement over the collectivisation of the land and the five-year plan. Wherever you go people are in a communicative mood. GPU or no GPU,\* they will talk, and with an intimacy and an eloquence that overwhelm and move, and no less charm, the listener. So when I discovered, on reaching the provincial town of M—, that I should have to wait for my train until the evening, I was quite easy. I knew I should find plenty to see, and even more to hear.

I had been in this town seven years previously on my first visit to Russia after the Revolution. Of its railway station I then wrote that it was "a wreck with only the front part rescued from ruin and held together none too securely by stalwart logs and manifold scaffoldings." Now it was completely rebuilt and its immense waiting rooms with their huge windows, their cement floors, and whitewashed walls, were a joy to the eye. They were clean, too, with no paper, no remnants of food or *débris* of any kind scattered about, and, miracle of miracles, with but few flies. As formerly, masses of people with their tea-kettles, their sacks of pro-

\* i.e. the State Political Police.



## Russian Realities

vender, and their bundles of bedding, were waiting around for trains. They sprawled on the benches, the floor, the doorsteps, the sidewalks, in groups and in heaps, some awake, some asleep, and, whatever their inner feelings, in their faces one could discern no signs of disturbance. Well-booted, decently clothed, amply fed, they looked quite composed and comfortable. Some of them were eating, out of their own sacks, of course, raw salt pork, hard-boiled eggs, cheese, butter, home-made sausage—food which one could not readily obtain in town, except in the open market and then at atrocious prices. Some of them were smoking their funnel-like cigarettes rolled skilfully in printed paper; others were gazing listlessly at the passing scene, or reading newspapers and pamphlets, or conversing with neighbours. In one place a group had gathered round a youth with a shaven head and were listening to his loud and animated reading of the programme of the Commissary of Agriculture for the ensuing year. Further on, in the very corner, squeezed in between a long table and the walls, another group had clustered round a beggar with a wooden leg and a blind eye, who was playing an accordion and singing humorous limericks. Bursts of laughter and approval greeted his neatly phrased thrusts at the new rulers and their ways. Several soldiers and a GPU officer were among the audience, and they too laughed at his parodies, not as boisterously, but with quite as much enjoyment as the crowd did. Outwardly, this mass of humanity in the waiting room seemed bent on a holiday, without a care in the world, intent solely on fun and excitement. They were peasants from the country.

Only when I turned to the buffet did I become aware of the desolation that the Socialist offensive of the past winter had brought in its train. A few pieces of herring, a plate of fly-specked cheese, a basin of paper-wrapped candy, stacks of huge slices of black bread and an enormous samovar sizzling audibly—nothing else on show at the counters. Gone were the platters of cheese, the strings



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of sausage, the heaps of boiled beef and fried chicken, the white rolls, the pastries, the mounds of chocolate bars that only a year before shook the counters of the buffet in every respectably sized railway station. Yet crowds of people were clamouring for what there was. "Any biscuits?" I asked the attendant when my turn came in the queue. "Not one," he snapped back, and without waiting for a further word doled out to me two big slices of black bread on a clean plate and a ticket for tea, and immediately turned to the next man.

I partook of the bread and the tea and sallied forth to the post office behind the station to send off a telegram to a friend advising him of my arrival the next morning. As everywhere else, a long queue had gathered here. I obtained a form, wrote out my message and took my place in the queue. It moved with incredible slowness, for there was only one clerk on duty and he was the whole post office. He sold the stamps, registered the letters, sent off the parcels, received and paid out postal saving deposits, accepted money orders, dispatched telegrams and sold stationery. Peering through the glass cage that separated him from the public I could see him hard at work, writing, blotting, figuring on the ever-present *shtchot*,\* cutting receipts with the inevitable scissors, counting and recounting change, and now and then pausing to argue with a customer over the writing of some address or the sewing of the cloth round a parcel. The multitude of operations in which he engaged to complete a transaction did not, of course, speed up the service. The presence of so many people in the queue with parcels, the mailing of which in Russia is always a ceremonious affair, further retarded movement.

A woman with a basket bulging with produce took her place directly behind me. A large woman she was, with a sweaty face and an open mouth through which she breathed audibly. So restless was she that she continually strained

\* Abacus, *i.e.*, calculating frame with balls on wires.



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her head from side to side, as if in the hope that this would somehow or other quicken the movements of the queue. Asking me to keep her place she danced out several times to see if anything in particular was holding it up. Of course she talked. She could not understand why so many people had come with parcels, just at the time when she was in such a desperate hurry. That was her luck. She had left a three-months' old baby at home in charge of a six year old girl who was no more dependable than a kitten. She had been gone over three hours, standing in queues in the co-operatives and prowling about the bazaars, and Heaven only knew what had happened to the baby. Several of her neighbours in the queue commiserated with her and proceeded to tell of their own troubles. One had a husband with a bad heart, and all he could eat was milk-soup and rice. But the local co-operatives had been out of rice for weeks, so she was now sending a registered letter and money to a friend in Moscow, a Party man, in the hope that he could obtain rice there and send it on to them. Another, a young woman with a flushed face and tragic eyes, was telling about her father, a former merchant, who had been exiled to a village in Vologda early in the spring, and she had come to send him money. As she spoke her eyes grew moist, and the fat woman, catching my eye, shook her head dolefully and sighed. Soon these women were all talking away like old friends, though it was evident that they had never met before. I know of no place in the world, not even the hard coaches on Russian trains, where people get so intimately acquainted with one another in a short time as in these endless Russian queues.

A loud voice burst on the air. The clerk and a customer had got into a dispute. The customer, a tall youth with broad shoulders and a sun-baked face which was sprinkled with lime, as were also his working clothes, had asked for "everything one wants for a letter." The clerk gave him an envelope and a stamp but no paper. He had none left.

"How can I write a letter to my mother if I have no



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paper ? ” queried the young man earnestly. The clerk refused to answer. “ Why are you sold out ? ” the youth demanded with indignantly.

“ How should I know ? ” shot back the clerk. “ Ask my superiors.” Meanwhile the queue was held up and everybody bawled at the young fellow to move on. Slowly he turned round, and with a shout of *vreditel*,\* at the clerk so loud that everybody could hear, he walked away. The clerk was not disposed to tolerate the insinuation, for he immediately jumped to his feet, stuck his head out of the window, and yelled angrily :

“ What sort of a *vreditel* am I ? Shame on you to fling such an insult at me,” and, turning to the people in the queue, he continued, with a gesture of self-righteousness, “ I am forty-three years old and I sweat every day in this stuffy post-office for forty-two roubles a month, and he says I am a *vreditel*.”

“ Shame, shame,” exclaimed several voices, and the youth, recovering his good-humour, explained that he meant no harm, and had blurted out the word because he had lost his temper. The clerk, satisfied with the explanation, returned to his work, and the youth, smiling and blushing and, as if in apology to the people who had heard him, admitted that he had used the word unjustly. I pulled out several sheets of paper from my writing case and offered him them. Instantly the eyes of everybody were on me, and even more on my writing case, and I could hear the remarks, “ evidently a foreigner, sure a foreigner, what a beauty ” (meaning the writing case). The girl whose father was in exile informed me that being a foreigner I did not have to stand in the queue, and several others, with that respect and generosity which Russians never fail to show to a foreigner, suggested that I should go straight up to the window and the clerk would attend to my wishes. That, of course, I knew. By showing his passport or his credentials a foreigner in Russia can usually obtain imme-

\* The literal translation is “ damager.”



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ciate service ; but this time I refused to avail myself of the privilege. I had all the time in the world, and I might as well stay here and wait for further incidents. Quiet ensued. The clerk, Russian fashion, continued to write and blot and figure and cut receipts with his scissors, now and then arguing with customers and reading aloud addresses on parcels, and even messages in telegrams, which, of course, he was not supposed to do ; but nobody resented the betrayal of their privacy. What is privacy to a people who, with little or even with no encouragement, turn their very souls inside out to a chance acquaintance.

So preoccupied was I, indeed, watching and listening, that I had not noticed that my turn had come at the window. But my companions had, and they lost no time in reminding me of it. I disposed of my telegram, but I did not go out. The queue was now growing longer and longer, and two of the latest arrivals, both women, were arguing heatedly over their places. I stationed myself in a corner and began to write letters. The proletarian approached me again and asked apologetically if I would oblige him with another piece of paper, and when I handed it him he did not depart. Instead, he began to talk, or rather to ask questions, in the manner of Russians when they meet a foreigner. "Where had I come from ? What was I doing in town ? How did I like the Soviet regime and the new building programme ? How was the revolutionary movement progressing in foreign lands ? What was the foreign proletarian saying about the Bolsheviki ? And how much did I pay for my writing case, and would I sell it, if he paid me cash at once ? Ah, what a writing case, what leather, what workmanship, he had never seen one like it ! But then, at the end of the five-year plan they too would have writing cases like that and perhaps better ones ; they would have everything in abundance and there would be no queues, for everybody could have his orders delivered at home . . . *Nichevo*.\* Only people had to

\* Never mind, or don't be disturbed.



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have patience and forbearance and not complain too much. . . ."

Meanwhile a woman with the inevitable basket strutted up to the clerk's window and took her place at the head of the queue. Instantly she was bombarded with protests, but she explained that she did not have to stand in the queue.

"What do you mean, you don't have to?" someone challenged in anger.

"Yes, what do you mean?" several others repeated the challenge.

"I am drawing out money from the savings department, and that I can do out of my turn," was her retort.

The clerk pushed his head out of the window and confirmed her words. That ended the protest but not the dissatisfaction. A woman only several places away from the last arrival raised a fresh complaint. She did not understand, she declared, why anyone should come to this particular post office to draw out money when there were so many other places scattered all over the town that paid out saving deposits. Several persons in the line agreed with her, and their comments did not escape the ears of the accused woman. She rose in self defence. "What else could I do?" she said pleadingly. "I have come with my sick daughter to go to Moscow. I left an order with the porter to buy two tickets in the hard coach, and he informs me that the sleeping places in the hard coaches are all sold out. He could get us sleeping places only in the soft coaches, and that costs a good deal more. I had to get money in a hurry, and at the savings window in the waiting room there is a long line of people, so I thought I'd come here." The explanation was unanswerable, and now instead of censure people had only words of sympathy for her.

Hardly had she gone when a little man, a hunchback with a wiry black beard and a protruding nose which imparted to his face a rabbit-like appearance, dashed into the room and pushed up to the service window in front of the queue. A



## THE IMPERIAL CONFERENCE

*(From a Canadian Pen)*

ANOTHER Imperial Conference opened in London on October 1. In its personnel the Conference presented two interesting features ; it is the first at which the Labour party has provided the British representatives, and it also brought to the council table at Downing Street a larger number than usual of new personalities from the Dominions. Indeed, with Mr. Cosgrave unable to head the Irish delegation on account of ill health, General Hertzog, among the heads of delegations, was the only survivor of the Conference of 1926. From Canada Mr. Mackenzie King, a Liberal, was replaced by Mr. R. B. Bennett, a Conservative, and in Australia Mr. Scullin, a Labour Prime Minister, supplanted Mr. Bruce, a Nationalist, while New Zealand, in place of Mr. J. G. Coates, a Reformer, sent Mr. G. W. Forbes, who had assumed the Premiership only a few months previously as head of the United party on the death of Sir Joseph Ward. Sir Richard Squires, the Prime Minister of Newfoundland, was also a new delegate, and to the members of the Indian delegation, except the Maharajah of Bikaner, the Conference was a fresh experience. In regard to the actual work of the Conference the procedure followed at the Conference of 1926, when most of the business was transacted in plenary sessions, was abandoned in favour of the method adopted at the London Naval Conference, when the Heads of Delegations discussed matters before they reached the stage at which it was deemed desirable to submit them to a plenary session. As a result only three plenary sessions have been held. Meanwhile the work of the Conference has been carried on by the various



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committees and sub-committees which had been set up, or at meetings of the Heads of Delegations.

### I. IMPERIAL ECONOMIC CO-OPERATION

THE last two Conferences had concerned themselves chiefly with constitutional issues. Indeed the latter was almost the sole preoccupation of the Conference of 1926, which evolved the document known as the Balfour report, designed to confer formal legitimacy upon the existing constitutional *ménage* of the Commonwealth. Economic issues had hitherto suffered from comparative neglect and a feeling had steadily developed that with the attainment of a *modus vivendi* about the constitutional question, the time had now come to consider plans for the better co-ordination of the economic activities of the Commonwealth. Moreover, it seemed as if in the intervening years since 1926 the need for such improved co-ordination, which had long been recognised in Great Britain, had become more fully appreciated in the two most important Dominions, Canada and Australia, by reason of economic adversities. In 1926 both of them were enjoying a spell of comfortable prosperity of whose permanence they were serenely confident, but, from a variety of causes, hard times have descended upon them both within the last eighteen months, and they appear to have generated a widespread sentiment in these Dominions that some more vigorous efforts for the stimulation of inter-Imperial trade were imperative if the Commonwealth was not to sink into a common morass of economic trouble, and experience a gradual waning of its power and prestige.

In Australia Labour, and in Canada the Conservatives had won general elections mainly on the cry that the existing protection of local industries had hitherto been inadequate and responsible for a deplorable setback in the economic fortunes of the country. Both the victorious parties on assuming office had resorted to severe measures



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of protection intended to stimulate domestic industries and to diminish local unemployment or, in the case of Australia, with the object of correcting the balance of trade. But simultaneously with this move in the direction of higher protection, their leaders, Mr. Bennett in Canada and Mr. Scullin in Australia, had avowed their intention of coming to the Conference and promoting by every possible means the development of inter-Imperial trade. It was left to Mr. Bennett, the Prime Minister of the senior Dominion, to force the pace and, at the plenary session of the Conference held on October 8, after Mr. J. H. Thomas, the Secretary of State for the Dominions, had indulged in a rather discursive review of the economic situation, first of Great Britain and then of the Commonwealth as a whole, but had propounded no suggestion of any new policy for the stimulation of inter-Imperial trade, Mr. Bennett not only favoured the Conference with an exposition of his views, but made a definite offer. He began by stating that, in approaching the economic problems of the Empire, he stood four-square behind the policy of "Canada First," which was to be achieved through a flexible tariff ensuring the proper protection of the manufacturer, and safeguarding the consumer from exploitation. After this clear indication that he was determined to safeguard what the manufacturers of Canada regard as their special preserves, he declared that a system of reciprocal preferences was the only possible instrument for successfully stimulating inter-Imperial trade. He admitted that one of Canada's primary concerns to-day was the problem of marketing her wheat crop which, in the absence of a strong export demand, has been piling up in the storage elevators, and he declared that at least part of the solution of this problem lay in securing a better market in Great Britain. Asserting that Canada is willing to pay a price for this market by giving in the Canadian market a preference to British goods, he demanded, in somewhat brusque terms, that the Conference should subscribe to the principle of an Empire preference, and take without delay



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the steps necessary to put it into effective operation. Thereafter, dismissing Empire Free Trade which Lord Beaverbrook and his allies were advocating, as impracticable and undesirable, he made the following proposal as his contribution to the improvement of inter-Imperial trade.

I offer (he said) to the mother country, and to all the other parts of the Empire, a preference in the Canadian market in exchange for a like preference in theirs, based on the addition of a ten per cent. increase in prevailing general tariffs, or upon tariffs yet to be created. In the universal acceptance of this offer, and in like proposals and acceptances, by all the other parts of Empire, we attain to the ideal of Empire preference.

Mr. Scullin, on economic issues, took a virtually identical line; but he went a step further in making a suggestion for an allocation, by arrangement between British and Australian manufacturers, of an import trade valued at between £40 and £45 million from foreign countries in goods of a type in which Great Britain could compete. He declared also that, while Australia was firmly determined to encourage her secondary industries, it was recognised that there were certain types of goods for which the size of the local market did not yet justify the establishment of domestic manufacturing plants, but he promised that if British industrial leaders would assist in developing Australian industries, Australia for her part would do everything to help Great Britain to secure the preponderating share of her import trade. The other delegates who spoke also gave vigorous support to Mr. Bennett's demand for a reciprocal preference.

In making his offer Mr. Bennett used the phrase, "the addition of a ten per cent. increase in prevailing general tariffs, or upon tariffs yet to be created." At first this was interpreted in some quarters as meaning that the general tariff which is applied to imports from the United States and other foreign countries not possessing trade arrangements with Canada, would be raised ten points, e.g., if the rate was at present 30 per cent. it would be increased to 40 per cent. But Mr. Bennett subsequently explained



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that he only proposed an increase of ten per cent. of the existing general rates, a very different thing, which meant that, if the present general tariff on some article is 30 per cent., it would be raised to 33 per cent. It is true that Mr. Bennett declared that his ten per cent. of increase was an elastic figure which would be adjusted to meet special cases, and he indicated a willingness to discuss possible adjustments, but the fact remains that the actual offer which he made can only be regarded as of an almost trivial character, and it falls very far short of offering any satisfactory compensation for the dislocation of British trade arrangements which a food tax with preference to the Dominions could not fail to cause. The following illustration of existing rates upon certain goods and the rates to which Mr. Bennett proposed to bring the general tariff on them was given in *The Times*.\*

Tariff Item	British Preferential	Intermediate	General (Present)	General (Proposed)
286 Earthenware and stone-ware .. .. .	25%	30%	35%	38½%
296 Pipe, cast-iron or steel, valued at not more than 5 cents per pound	\$7 per ton	\$12 per ton	\$14 per ton	\$15.40 per ton
432d Manufactures of tinplate and of tin n.o.p. ..	20%	27½%	30%	33%
445 Electric light fixtures and appliances .. ..	20%	30%	30%	33%
523b Woven fabrics wholly of cotton n.o.p. .. . ( <i>ad valorem</i> )	3c. per lb. plus 22½%	3½c. plus 27½%	4c. plus 32½%	4½c. plus 35½%
554 Woven fabrics of wool .. ( <i>ad valorem</i> )	20% plus 12½c. per lb.	25% plus 17½c. per lb.	30% plus 20c. per lb.	33% plus 22c. per lb.
611a Boots, shoes, slippers, etc.	25%	35%	40%	44%

These figures show that in some cases the differential

\* See *The Times*, October 10, 1930.



## The Imperial Conference

between the general tariff and British preference rates would be increased by 30 per cent. or more of its present amount, and in certain lines the differential might enable British exporters to secure some of the Canadian business now enjoyed by America and other foreign rivals. But it was also quite clear that Mr. Bennett, whose advocacy of a policy of higher protection won him many votes at the last general election in Canada, and who had proceeded at a special emergency session held in September to give effect to his tariff pledges, has not so far felt himself in a position to countenance for the benefit of British trade any serious invasion of such markets as Canadian industrialists claim as their own preserves, and that a scale of local protection on a higher level than the Liberal Government of Mr. Mackenzie King advocated is a settled policy of his administration. It was perhaps difficult for Mr. Bennett to make any more generous offer at the present time. Out of the nineteen members of his Cabinet, no less than fifteen represent industrial constituencies whose voters were for protection against all outside competition, whether British or foreign. The cold truth must be recognised in Great Britain, that as long as economic nationalism governs ideas overseas in the way that it does at present, especially when industrial interests are in the ascendant, as they are in Canada to-day, British trade cannot expect anything from tariffs which involves any substantial encroachment upon their preserves. This attitude is not indeed limited to those interests. Economic nationalism influences classes which have nothing to do with industry. It is their aim to make their country in the highest degree self-sufficient, and to broaden the base upon which its prosperity rests by strengthening the industrial side. But if there was to be an all-round successful bargain for the stimulation of inter-Imperial trade, it was none the less singularly unfortunate for its prospects that this Conference should have found installed in office high protectionist Governments in the two most important Dominions. It is the



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political parties which depend for their electoral support upon voters engaged in farming and other primary industries who, being anxious to secure relief from what they regard as the oppressive exactions of domestic manufacturers, have always been willing, and even anxious, to make the barriers against British imports as low as possible. As far, at any rate, as Canada is concerned, British export trade was given a much more favourable position under the terms of the Dunning budget, which has now been wiped out, than it would be even if the present schedules were altered to its advantage by Mr. Bennett's proposed ten per cent. increase in the general tariff. There was therefore a distinct measure of audacity in Mr. Bennett's proposals; two months previously he had sharply raised the tariff duties on Great Britain's chief lines of exports to Canada, notably on textiles, and now he was demanding a wholesale change in the British fiscal system, without making any suggestion of a compensating diminution of the British preferential rates in the Canadian tariff, the present higher level of which can scarcely fail to cause a curtailment of British exports to Canada.

But the realities underlying Mr. Bennett's proposals were at first imperfectly realised throughout Britain and, before a cooler examination revealed their true nature, there was an almost general disposition to acclaim them as a splendid offer which demanded an immediate and sympathetic response from the MacDonald Ministry. And the Government, by reason of its failure to produce any concrete policy of its own, had, as the *New Statesman* complained, allowed Mr. Bennett to seize the initiative and was, as a consequence, placed in a very difficult quandary.

It was generally believed that a certain element in the Ministry headed by Mr. J. H. Thomas, the Secretary of State for the Dominions, was strongly in favour of some scheme of reciprocal preferences, and their hands were fortified by evidence forthcoming at the Conference of the



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Labour party at Llandudno to the effect that protectionist sentiment was steadily gaining ground in the ranks of Labour. But the key to fiscal policy still remains with the Chancellor of the Exchequer, and Mr. Philip Snowden has never evinced the slightest sign of wavering in his devotion to the free trade faith. It is understood that he was quite uncompromising in his rejection of the Dominions' demand for reciprocal preferences, and, in a speech at Manchester on October 18, he made a reasoned defence of what he referred to as "our well-tried fiscal system," ridiculing preferences as futile and dangerous. Indeed, it was obvious that a man of his temperament and views would resign office rather than countenance any such scheme. On the other hand, Mr. Ramsay MacDonald was said to have an open mind on the subject, and it is believed that, if the rest of his party had been united in support of some sort of preference scheme, Mr. MacDonald might have contemplated the resignation of Mr. Snowden. But it happened that Mr. Graham, the President of the Board of Trade, and Mr. Alexander, the First Lord of the Admiralty, ranged themselves firmly with Mr. Snowden, and Mr. MacDonald obviously could not face the crisis which would have been involved in a triple resignation. So the Dominion delegates were given to understand that, for the MacDonald Government at least, a policy involving a food tax must be ruled out, and when Parliament met on October 28, Mr. Ramsay MacDonald emphatically reiterated this decision of the Cabinet.

But in Conservative circles the demand of Mr. Bennett and the other Dominion Prime Ministers was hailed with jubilation, and Mr. Baldwin, on behalf of the party, proceeded to issue a formal statement to the effect that they welcomed the proposal and were prepared, as soon as it was in their power, to do their part in giving effect to it, though at the same time Mr. Baldwin, while not ruling out food taxes as absolutely impossible, shrank from making them a definite part of the official Conservative



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programme, and pronounced himself in favour of what is known as the "quota" scheme in connection with wheat.

The MacDonald Government, upon whom the responsibility for the immediate British reply devolved, could not afford, in view of the wide-spread public sentiment that some serious effort should be made to stimulate inter-Imperial trade, while rejecting food tax preference, to be without some kind of Imperial trade policy. Their first idea had been import boards with power to regulate and even to prohibit imports, a scheme which still finds favour with the Socialist left wing, and, curiously enough, also, it would seem, with certain rebels on the Opposition side of the House. But on reconsideration, the Government decided to put forward the quota for wheat as their main scheme, the plan which, as already mentioned, has also been adopted by Mr. Baldwin as an alternative to the food taxes, of which he also fights shy.

Prior to the Conference the quota scheme had been advocated in the British press from a variety of quarters. It has numerous supporters among the Labour party, and Major E. A. Ruggles-Brise had outlined in the columns of *The Times* a definite plan which commended itself to a number of Conservatives, particularly such as represented farming constituencies. The essence of that plan was that British millers should be compelled by law to use in the manufacture of their flour certain percentages, first of home grown and then of Empire grown wheat, and that only a comparatively small balance should be open to the competition of foreign countries, like Argentina. The corollary of the scheme was that British grown wheat, for which a quota of 25 per cent. was the most common proposal, should be given a guaranteed price of something between 50s. and 60s. a bushel, the Treasury to make up the difference between the world price and this guaranteed price. The Dominion representatives were somewhat dubious about accepting the principle of the quota, but feeling the prospect of any tariff preference to be hopeless, and reluctant to



## The Imperial Conference

return empty-handed, they agreed to refer the question to a sub-committee of experts. The longer the problem was examined the greater were the difficulties which developed. The leader of the New Zealand delegation was openly sceptical about the whole idea, and the Australians, who favoured it, no doubt hoped that, once a quota was applied to wheat, it would be extended to wool, fruit and other Dominion products. Mr. Bennett, the Canadian Prime Minister, had brought with him in his entourage a number of grain experts, and opinion among them was sharply divided. The representative of the Western wheat pools favoured the plan on the ground that it would at least assure a definite market for a certain proportion of Canada's exportable surplus of wheat, and to that extent would simplify the problem of its disposal. But, on the other hand, the spokesman of the private grain interests took exception to the scheme, partly on the ground that, with the establishment of the quota system, Liverpool would be obliterated as a price making centre for grain, and Canada left at the mercy of Chicago and Antwerp for international contacts for her grain trade. The view was also held by some Canadian experts that, without some sort of guaranteed price, a quota would be profitless for Canada. Again, what is to happen to the very substantial exportable surplus of wheat which Australia and Canada would possess every year, even if Britain could be induced to import nothing but Empire grown wheat? It would have to be disposed of in international markets, and there it would have to face fierce competition from Argentine and Russian wheat, which would be all the more intense if the latter were barred from the British market. Surely, said the critics of the scheme, one of two things would happen, either the price of wheat in Canada would be fixed by the international market, or two prices would rule, one for wheat exported to Britain and another for wheat exported to foreign markets. This would mean that in many years the people of Great Britain would find them-



## Imperial Economic Co-operation

selves paying substantially more for their wheat than foreign countries like Holland, and the system would be a constant target for attack and criticism. The MacDonald Ministry only sponsors the quota system on the understanding that the Dominions are agreeable to accepting the world price parity for each year's quota; but the Dominions have been standing out for a guaranteed price, though perhaps not so large as that which would be proposed for the benefit of the British farmer. Now, notoriously, the price of wheat is subject to tremendous fluctuations. If eighteen months ago any British Government had given a guarantee to buy a certain quota of wheat for three years at the price then prevailing, it would to-day be paying almost twice as much as the ruling price of wheat.

Apart from this fundamental difficulty, there are other serious obstacles. The boundary between the prairie provinces of Canada and the prairie region of the United States is an artificial line, and the same kind of wheat is grown on both sides of it. It is impossible for experts to distinguish between Marquis wheat grown in Manitoba and Marquis wheat grown in Minnesota. The wheat of both countries flows freely across the international boundary. For instance, in the autumn months a very substantial volume of wheat from Minnesota and the Dakotas finds an export outlet via Montreal, and again large quantities of Canadian wheat reach tidal water via Buffalo at American ports like New York and Baltimore. Accordingly, the establishment of a quota price presupposes a very rigid system of segregation of Canadian and American wheat, and the same precautions would have to be undertaken if a food tax preference came into being. Indeed, opponents of the preference system argue that it would have to cope with very much the same sort of difficulties as a quota, for Canada would have to sell wheat at the world price under either scheme, and the concentration of foreign competition on the remaining



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markets might actually have the effect of lowering the world price. There is a further complication in the case of the quota, the flour difficulty. The millers in Great Britain would obviously demand that any quota arrangement should treat flour imports in such a way as to check the encouragement to the milling of the wheat in Canada, which would be likely to result from the introduction of the scheme. At first the MacDonald Government proposed the quota plan without much enthusiasm, but certain members of the Cabinet have obviously come to develop a zeal for it, and the Dominions have been pressed to accept it, though some of the latter still remain unconvinced about its merits.\*

### II. THE FREE TRADE TRADITION AND ECONOMIC NATIONALISM

NO attempt will be made here to deal with the constitutional side or with the other economic issues which came before the Conference as well as the problem of foreign policy. Their name is legion. The constitutional side alone included inter-Imperial relations which themselves comprise the whole range of subjects sent up in 1929 to the Conference by the Dominion Legislation Conference, the body appointed by the 1926 Imperial Conference to consider the steps necessary to complete its task of constitutional readjustment, and other problems

\* The Imperial Conference has decided to postpone the question of the quota, and of inter-Imperial economic co-operation generally, until next year, when it will come before another Conference to be held at Ottawa, which will consider in what way each Government can make the greatest possible contribution to such co-operation. In the meantime the existing preferences accorded by the United Kingdom to other parts of the Empire will not be reduced for a period of three years or pending the outcome of the suggested Conference, subject to the rights of the United Kingdom Government to fix the budget from year to year. An abstract of the official summary of the proceedings of the Imperial Conference will be found on page 229 of this issue, and in it the reader will find suggested answers to some of the above mentioned difficulties in connection with the quota.



## The Free Trade Tradition

besides, such as arbitration, disarmament and defence. The question of the relations of the King with the Dominions, perhaps the most interesting of the constitutional questions, will, it is understood, be the subject of a separate article in this issue,\* while the report of the Dominion Legislation Conference has already been discussed in these pages.†

It remains to add a word of comment. For many the results of the 1930 Conference are likely to fall far short of the high hopes which were formed in anticipation. Nevertheless, it would be wrong to dismiss it as an unprofitable gathering. There has been an invaluable exchange of views upon common interests between the statesmen who are charged with the governance of the different units of the Commonwealth, useful progress has been made in the elimination of legal and other anomalies in its constitutional arrangements, and the decision to establish a new organisation, such as the Commonwealth Tribunal, whose need has been abundantly demonstrated. Undoubtedly a step of this kind marks a welcome tendency to pay some attention to the consolidation of the common fabric of the Commonwealth. If progress in the economic field seems disappointingly slow, the cause is to be found in the tremendous difficulty of fitting satisfactorily inside a common hoop fiscal systems so divergent as those of Great Britain and the overseas Dominions. Whatever plan may be adopted, it is clear that an Imperial preference scheme involving tariff reform in Great Britain will not be accepted by its present Government, and among those who advocate a fundamental change in the fiscal policy of the mother country there will naturally be a disposition to allocate all the blame for any impasse to Mr. Snowden and his allies in the MacDonald Ministry. But, in all fairness, the determination of Dominion Prime Ministers to guard their own countries'

\* See p. 96.

† See THE ROUND TABLE, No. 80, September, 1930, pp. 713-726.



## The Imperial Conference

industrial preserves from any real encroachment, in pursuance of the policy of "Canada First" and "Australia First," must also be recognised. Whatever the impression left by Mr. Baldwin's welcome to Mr. Bennett's offer, a Conservative Government in power would have to look narrowly after the interests of their country in actual negotiation. Great Britain's trade with the rest of the Commonwealth has been expanding gradually in recent years, but it still constitutes only one-third of the country's total foreign trade and, whatever view be taken on questions of fiscal theory, it would obviously be a risky experiment to embark upon drastic rearrangements of fiscal policy which might have disastrous reactions upon the remaining two-thirds of Britain's foreign trade, without a definite assurance of a compensating increment in her trade with the rest of the Commonwealth. Clearly such an increment is not at the moment in sight. But, just as there is evidence that the tide of political nationalism, which flowed so strongly in the post-war decade in the Dominions, has reached its high water mark and now begun to ebb, so there may come an ebb in the tide of economic nationalism which is now surging, and not only in the Dominions, but in most of the countries of the world. It is not even absent in Great Britain itself. Each of the Dominions is faced with the fundamental problem which the possession of a physical equipment far in excess of the needs of their still scanty population involves, and the merits of the high protectionist policies which are being tried as a remedy for their present troubles will be subjected to an acid test in the years to come. They may survive it, but if they do not, a policy, more favourable to British trade than Mr. Bennett's, may no longer seem inconsistent with a policy of "Canada First," and some future Imperial Conference may meet in an atmosphere less unfavourable to the promotion of real economic co-operation between the units of the British Commonwealth of Nations.



## ENGLAND IN THE GREAT DEPRESSION

### I. THE DAY OF RECKONING

AS an economic observer looks back over the past ten years, he cannot help reflecting that Great Britain, like Australia, whom she properly though somewhat self-righteously blames, has been steadily putting off the day of reckoning. Political promises have outvaunted each other, and governments have come and gone, but policies have changed little and actions less. Those who have offered Socialism have socialised nothing much but charity; those who have offered Protection have spent their energies in debating what they should protect and on wondering how far the country was with them. Scarcely ever in that period has the number of registered unemployed fallen below one million. But procrastination must by now have had its day, for Great Britain is facing a winter with well over two million unemployed, and the economic state of the nation is a question too urgent and too important to be disregarded; analysis must come first, but action cannot be much longer delayed.

Just when, or whether, Great Britain's troubles may come to deserve the name of crisis is more doubtful. Many believe that the presentation of the budget next April will be the critical moment, since anything from £25,000,000 to £50,000,000 will have to be found to cover the deficit of the present year and the prospective deficit of the next, and



## England in the Great Depression

since any addition to direct taxation at this moment might break the camel's back. Some observers think, indeed, that the mere exposure of the condition of the national finances, which budget time must bring, would cause a serious breach in British government credit and might even instigate a flight from the pound.

But, however unpleasant the next budget, by now the country is prepared for the shock. There is no danger to the stability of our exchanges. For years it has jogged along with a million unemployed, content, for the most part, with the popular assurance that it has been passing through a temporary depression and that times would change. Now that the slump really has come, the people of Great Britain begin to perceive that all along the country has been on the crest of the wave, and that her unemployment problem is a phenomenon of comparatively good times as well as comparatively bad.

## II. THE WORLD SLUMP

OF course the world slump has made things much worse, and it is worth while investigating its character if not its causes. All the features of previous trade depressions are here displayed—the heavy fall in prices, first and largest among raw materials and foodstuffs; the lag between the prices of commodities at wholesale and at retail; the accumulation of stocks at the lower stages of production and their gradual depletion in the upper stages; business losses and unemployment; decline of new capital issues; low prices for industrial share securities and gradually improving markets for bonds bearing fixed rates of interest, modified by distrust of political eventualities; low rates of interest on short term obligations; diminished velocity and volume of credit; and a strong central banking position. We may leave it to the professional economists to describe the time and direction of cause and effect among these



## The World Slump

inevitable concomitants of what we call a trade depression.

But the present depression is more than a repetition of history. It has features which in years to come, when these things are brought under control, may well single it out for the title of the "Great Slump." To begin with, it comes at a time when in many countries industry has still failed to readjust itself after the warping produced by the war. For five years, setting all other ends aside, the great industrial countries organised their labour and their resources for one purpose which vanished as swiftly as it had arisen, and the world as a whole has never since found equilibrium. Again, the slump is superimposed upon a secular fall in commodity prices, which was already causing serious disturbance. Thirdly, rationalisation—the organisation of whole industries with the same kind of aim as that of individual firms—and the substitution of machine processes for labour, can scarcely ever have been so rapid. Most important from the point of view of Great Britain, the preceding boom was highly localised and was associated with enormous financial speculation, which exploded violently, as it was bound to do. Finally, government indebtedness, both internal and external, and private international indebtedness stand at a level hitherto unparalleled. A fall in prices, like that which the world is now undergoing, naturally entails a corresponding increase in the real wealth represented by fixed money incomes, that is to say, in the charge which the possessors of such incomes lay upon the efforts and resources of the rest of the world's population, leaving less for the "enterprising" classes as a whole.

One need go no further than this for the origin of the peculiarly burdensome difficulties of debtor countries like Germany, Australia and Brazil, and of the political disturbances which they are experiencing.



# England in the Great Depression

## III. GREAT BRITAIN'S SPECIAL HANDICAPS

**I**N all these trials, Great Britain takes her share. True, as the greatest creditor country she finds some compensation in falling international prices. The terms on which she exchanges her goods for those of other countries have improved, since the prices of the foodstuffs and raw materials which she imports have fallen much more sharply than the prices of the manufactured goods which she exports. The interest on her overseas investments represents a greater and greater volume of national wealth. But she can no more hope to gain in the long run by extorting a progressively larger volume of goods from her debtors than her own bankers could expect to gain by pursuing a policy which steadily bankrupted those to whom they had lent money. The whole economy of Great Britain is built up on the basis of her overseas trade, and perhaps more than any other country she depends for her own well-being upon that of the world at large. Her rapid industrial expansion and her high standard of living were achieved at the cost of that dependence, and would have to be sacrificed if it were abandoned. We must seek for special causes to explain why she has not hitherto participated as fully in the rising wealth and trade of the world, as she must inevitably participate in their decline.

There are two special reasons why a decline in prices, whether over a long or over a short period, should affect Great Britain more seriously than other countries. The first is the vast extent of her internal national debt. Its mere existence does not theoretically diminish the national income in normal times, since the raising of taxation and its distribution as dividends on government bonds form only an internal transfer—a transfer, however, which on balance takes something from the more enterprising and gives it to the more stagnant elements of the population. The high taxation involved undoubtedly diminishes the



## Great Britain's Special Handicaps

enterprise of the creative elements. But when prices are steadily falling a large internal debt creates serious trouble in the division of the national product. So much of the latter falls to the wage-earners, so much to salaried workers, so much to the holders of fixed interest-bearing bonds, and the remainder is the portion of shareholders and enterprisers generally. The incomes of all these people represent claims on the pool, or rather the stream, of goods and services which make up the national income, and those goods and services have somehow got to be divided up among them in the course of the economic process. As prices fall, the money value of the whole national income falls likewise, but the money value of those incomes which are fixed in terms of £ s. d. does not, so that the proportion of the national income which they take rises. The inevitable result is that the profit maker and shareholder get squeezed out. Their share of the national income is diminished; in consequence, enterprise is stifled, business is stagnant, and unemployment inevitably follows. Wages and salaries can be adjusted to the new circumstances with difficulty, but far more easily than interest charges, especially on government debt; hence the larger the internal debt in relation to the total wealth of the community the swifter and more serious is the effect of a general fall in prices.

Of course the same argument applies to the debenture debts of industry as to government loans, but here the position is on the whole less tense, since adjustment can take place, however gradually and painfully, through the bankruptcy of individuals and firms and through the acceptance by creditors of schemes of adjustment. The only way in which the prior charges in industry can be diminished to accord with a general fall in prices, while avoiding violent economic disturbance and dislocation, is by the promotion of arrangements whereby debenture holders become shareholders, or at least everyone's claim is proportionately written down. Such arrangements are



## England in the Great Depression

inevitable since they are a condition of the rehabilitation of industry upon a profit-making basis. Part of our competitive difficulties has resulted from the way in which inflation has diminished the internal debt, both governmental, industrial and commercial, of certain of our rivals, and we cannot afford to stand still and do nothing to correct that handicap.

The second special reason why Great Britain is hit more hardly than most of her competitors by a fall in prices is the peculiar inelasticity of her industrial organisation. Her lack of adaptability is hard to prove by individual instances, but it has been commented upon again and again by experienced observers. The rigidity of the labour structure is even more obvious, scaffolded as it is with trade union restrictions and with the unemployment insurance system. These matters will be touched on again later in this article; here it is enough to say that they greatly enhance the dangers and difficulties consequent upon a world decline in prices, whether temporary or permanent.

Thus the world slump alone, operating upon the special situation of Great Britain, is quite sufficient to account for the peculiar depression of the present winter—in other words for the last one million increase in the numbers of registered unemployed. Very little can be done by Great Britain in isolation to remedy the world slump; so much depends upon the international co-ordination of credit policy, so much upon the psychology of merchants and manufacturers all over the world. Some amelioration of the effects might be secured, indeed is being secured, by a policy of public relief works, but public credit is already strained and opportunities for works of economic value become progressively fewer. In any case, neither public works nor Protection nor any other nostrum can interfere with the world fall in prices itself. Whether, and to what extent, prices will or can be encouraged to rise again—a matter of the most vital import for the world and for this country—is a matter for speculation still. Great Britain's problem is



## Great Britain's Special Handicaps

to adjust herself, at least as well as her rivals, to existing conditions.

What it is essential, therefore, for her to do, is to examine her position before the world slump began. By 1924 the effects of the violent depression of 1921 had worn off, the war was receding into history, the Ruhr disturbance was at an end, and political and economic affairs were becoming increasingly stable. It is not profitable at this moment to enquire into earlier years. Between 1924 and September, 1929, just before the big American collapse, British prices fell 22 per cent. This fall, perhaps one-third or even one-half of which resulted from the return to the gold standard at the pre-war parity, would by itself have caused serious strain on the industrial structure of the country, since average money wages proved exceptionally rigid and fell to nothing like so great an extent. But at the same time, the terms of trade were changing in Great Britain's favour—that is to say, she was getting progressively more in exchange for a given quantity of her goods—and this provided a larger total real income to be divided up, while at the same time her average productivity was rising; and although available statistics of productivity and of real wages are somewhat questionable, it is probably true to say that on the whole her total real income kept pace with average real wages. Thus between 1924 and the commencement of the world slump, Great Britain got no further out of adjustment to world conditions, and, if she participated little in the boom of 1928-29, her position was not subject to any severe deterioration. But in 1924, and over almost the whole of the subsequent five years, she already supported an excessive number of unemployed workers.



## England in the Great Depression

### IV. MALADJUSTMENT IN 1924

THAT is the real hard core of the problem of Britain's economic position—the first million unemployed, not the second million. In 1924 her economic affairs were already out of adjustment; in 1929 they were still out of adjustment and ill able to bear the trials of a world depression. What then were the nature and causes of this maladjustment? In some ways it is a question of the actual membership of the unemployed. In June, 1924, five big industrial groups, all interested in export—coal mining, iron and steel, engineering and shipbuilding, cotton, and woollen and worsted—accounted for 397,000 unemployed out of 1,085,000, or 36·8 per cent. The numbers registered as seeking employment in these industries totalled 3,339,000, or 29·4 per cent. of some 11,325,000 in all insured trades. Five years later the numbers seeking employment in the same five industrial groups had fallen to 3,085,000, which was only 25·4 per cent. of the total number (12,095,000) of insured workers, but the numbers unemployed in them had risen to 474,000, or 40·7 per cent. of total registered unemployment, which then stood at 1,164,000. The numbers unemployed in the engineering and shipbuilding industries had fallen considerably, but, with the German recovery and the coal stoppage of 1926 intervening, unemployment in the coal mines had been multiplied threefold. These figures illustrate the well-known fact that British unemployment has been heavily and, what is more important, continuously concentrated on a few trades, principally the heavy industries and textiles.

The above high percentages of unemployment do not represent the existence of a large reserve of labour intermittently employed, as in the building and dock trades. An enormous number of the unemployed in the heavy industries and the textile trades have had scarcely any work



## Maladjustment in 1924

for several years. Of the unemployed workers now receiving "transitional benefit"—that is to say, those who, though once insured, have not paid 30 contributions in the past two years—nearly one-quarter of the men are registered in coal mining, and nearly one-third of the women in the cotton trade. Thousands of those now registered as unemployed in the coal-mining industry entered it during the war and have rarely found employment in it since. Many thousands more, while certified as capable of work—some work, that is—are prevented by physical injury or defect from ever becoming miners again, a fact which is brought out by the large numbers of unemployment insurance and transitional beneficiaries in this industry who are in receipt of workmen's compensation, often for total disablement, as well as by the coincidence of considerable registered unemployment with a genuine shortage of suitable labour for the mines during the occupation of the Ruhr. This last section of the unemployed, the unemployable, present a social problem only indirectly relevant to the issues now under review. On the other hand, the former section, the physically fit men who have been unemployed, or employed for only a week or two, over a period of years, are the real bones of the problem. Their own industries cannot absorb them. The world demand for cotton and wool products shows signs of continuous decline, and other sources of energy take the place of coal. Rationalisation, belated as it is, may enable Great Britain to retain and even to enlarge her present volume of exports in her staple industries, but it holds out no hope of securing employment for all the workers who have hitherto sought their livelihood in them, since one of the first economies at which it aims is economy in labour force.

Nor, even before the present depression laid the heavy weight of unemployment upon almost every town and trade, did there appear to be much room for these unwanted workers in trades other than those in which they had formerly sought their livelihood. The policy of trans-



## England in the Great Depression

ference—never, it is true, attempted on a large scale and badly handicapped by the existing terms of Unemployment Insurance—has been meagre in its results, not merely on account of the natural reluctance of workers to leave their homes for places and industries strange to them, and of the problem of finding house-room for them, but also on account of the difficulty of finding sufficient jobs available outside the depressed areas. The expanding industries and industrial areas have not been expanding fast enough. The most serious aspect of Britain's foreign trade position since the war has not been her failure to retain her exports of coal, cotton goods, woollen and worsted goods, and heavy iron and steel products; it has been her inability to share to an extent commensurate with her former importance as a manufacturing country in the trade in new articles of consumption—artificial silk, gramophones and wireless, household machinery, motor cars. This inability is reflected, internally, in the unemployment figures. Of the expanding trades, food, drink and tobacco, automobile manufacture, silk and artificial silk, electrical equipment, and chemical and allied trades accounted for 82,000 unemployed on September 23, 1929, and the building and contracting trades, also expanding, for a further 121,000. Another 100,000 unemployed were registered in the prosperous distributive trades. These industries between them accounted for over one-quarter of the total unemployed.

So far, and in what follows, we have referred only to manufacturing and distributing industry, but agriculture cannot be excluded. Though its volume of unemployment is not comparable with that of the heavy industries or textiles, its condition is, beyond argument, thoroughly unsatisfactory. It is a depressed industry. And, like other British industries, it is depressed, not merely because world economic conditions are adverse, especially for agriculturists, but because of special difficulties peculiar to Great Britain. The low price of wheat and the imports of



## The Costs of British Industry

foreign dairy products both contribute to the plight of the British farmer. The declared value of gross imports of foodstuffs into Great Britain in 1929 amounted to nearly £450,000,000 (other than tea, coffee, and alcoholic drinks, and foodstuffs for animals), and although the major part of those imports consist of such staples as wheat and flour, maize, beef and mutton, in which Great Britain cannot hope to regain more than part of the home market, and of commodities like currants which she does not produce at all, the figure, includes the following amounts of retained imports which are highly significant.

	£ million.
Fruit (of varieties grown in England) and vegetables	23.2
Cheese and butter .. .. .	67.4
Poultry and eggs .. .. .	20.4
Bacon and ham .. .. .	47.4

158.4

Practically the whole of these imports could be replaced by British products. The revival of agriculture in England cannot solve the unemployment problem, which is primarily one of urban industry, but a healthy countryside is an essential for a healthy State. It would also alleviate our financial problem by reducing imports, and it would relieve the existing pressure of the country on the towns. It would even provide an alternative field of employment for the surplus labour in, for instance, mining, much of which was drawn from agricultural occupations during the war. But, whatever measures may be proposed for agriculture, the industrial problem, with which this article is more immediately concerned, demands instant attention.

### V. THE COSTS OF BRITISH INDUSTRY

AT bottom, when all special explanations have been cleared away—foreign tariffs, horse-power taxes, political disturbance—there can have been only one basic reason why the industries in Great Britain were unable to



## England in the Great Depression

compete successfully for export trade with rivals starting at the same time and possessing no greater natural advantages, namely, that their costs were too high compared with those of other countries. That must be a truism, but it should not be lightly concluded that any one element in costs, whether wages, or overhead charges, or transport, or power, or any other, was solely or principally too high. Efficiency of organisation, for instance, is an important element in determining total costs. Costs were too high in the old industries, too, but the new industries and the sheltered industries presented a different and a more vital problem, for they had not felt the sharpest blasts of the cold wind of competition, which was forcing down wages in the former staple trades, and compelling them to reorganise. It is a great mistake to relate this question of costs only to the outstanding export industries, when it is applicable to industry in general. Industries now exporting little might have exported more; industries now exporting nothing might have entered successfully into competitive markets; industries now subject to the competition of foreign imports might have been able to defeat that competition had costs in general been lower, including the costs of transport, of building and of distribution. The economic structure stands or falls by the strength of the whole; and if the general weakness throws a strain upon certain great girders which they are unable to support, there is no use in blaming those girders alone for the insecurity of the whole structure.

The conclusion cannot be escaped that ever since the post-war boom aggregate costs in Great Britain, compared internationally, have been too great to enable her to maintain the balance of payments due to her over what she owes to other nations, at a figure large enough safely to support the industrial and social structure which had been reared upon it, and consistent with the extent to which the savings of her people were being attracted abroad by the high rates at which foreign borrowers were willing to raise



## The Countries of Europe

tion, chafing under what is exclusively Serbian rule, necessarily involves elements of danger.

In other countries in this part of the world the agricultural depression, with its consequent effects on the financial position, and on popular discontent, dominates everything. Bulgaria, Roumania, and Hungary have felt the strain most seriously. The marriage of King Boris is a reminder of the tendency of Italian policy to feel towards something of the same kind of relationship with Bulgaria and Hungary as France has with the Little Entente. Roumania, in restoring Carol, has naturally added to the speculations as to attempts to restore the young Hungarian heir, who is about to come of age; but the continued authority of Count Bethlen, the doyen of Prime Ministers, is a substantial security against rash action.

The unofficial but significant Balkan Conference, including all the States of the Near East and Turkey, recently held at Athens and opened by M. Venizelos, is one more welcome sign that the once troubled Balkans are making more definite progress towards stable good relations than most parts of Europe. The settlement of the refugees, the sorting out of the populations by flight or expulsion, have given each country a stable and homogeneous population to an extent never previously known. Another significant event is the recent conclusion of a Treaty of friendship and arbitration between the hereditary enemies, Greece and Turkey. The Balkans are unlikely again to trouble the peace of Europe, if the great Powers loyally support the Covenant and refrain from using them as an arena in which to try out their own political strength.

Turning back westward we find in Austria an internal situation which presents some ground for anxiety, especially as internal movements here may so easily have external reactions. Austria has made extraordinary progress in recent years, and, in view of the fears of 1922, it is interesting to see that Vienna, though feeling the present depression,



## Where Is Europe Going ?

has in the last few years been the most prosperous part of the country. There has been a curiously persistent but precarious political equilibrium, the Socialists administering Vienna and their opponents, the Christian Socialists, dominating the central government. The internal danger results from the existence of two unofficial armed forces. A dangerous situation which developed in 1927 has been greatly relieved by Herr Schober : anxiety has revived with his recent fall.

In Poland the internal situation is again strained, and is made more difficult by the agricultural depression. Relations with Germany, after some signs of improvement, have once more relapsed, and fears of Russia increase.

At this point we come to one of the great uncertainties of the near future. The "five-year plan" is now half-way through. Opinions differ as to the extent to which it will ultimately succeed. But several things are fairly clear. The amount of effort and money that is being put into capital works is immense ; the standard of living which the people who are making this effort have so far been apparently content to endure is extremely low. There has probably never been in the history of the world (except where slave or hired labour has been used for such work as the building of the pyramids) anything to equal the contrast between current consumption and capital expenditure. Russia, to finance this scheme, is dumping her natural resources ; she may soon be in a position, if she desires, to dump industrial products. Her intentions are certainly pacific for the moment, but the state of mind which is developing between Russia and other countries, and which State-dumping, the most resented of all forms of commercial policies, will make much worse, presents grave dangers for the time when Russia has completed her plan and has the industrial resources she hopes from it. Already fears of Russia in adjacent countries are a substantial factor in the general disarmament problem.



## The Universal or the Alliance Principle

Little need be said of the rest of Europe. Spain has her internal troubles, but they are internal only. The northern countries are inclined to draw together for consultation, but except so far as anxiety about Russia troubles them, they fear little and threaten nothing.

### IV. THE UNIVERSAL OR THE ALLIANCE PRINCIPLE

IF we are to thread our way through the maze of special conditions and tendencies which have been very roughly sketched in the above summary, we must have the clue of some general conception. The writer is profoundly convinced that the ultimate fate of the world will depend, not upon this particular difficulty and dispute here and there, but on the main direction taken by policy. Will the national and effective policy of the principal countries in their external affairs be based on the "universal" or on the "alliance" principle? Both are in operation now; which will prevail? It is on the answer to that question that the ultimate issue of war or peace will depend. Let us be more explicit. Many countries are bound by alliances; most by engagements to certain principles in a general system, whether it be the Covenant of the League of Nations or the Pact of Paris, or both. Which will prevail in case of conflict? The criterion is simple. If a dispute arises between a country within one group and another outside it, by what principles will the friends of each party guide their policy, and determine their attitude? Will they, in effect, feel, "we are in an alliance, we must stand by our allies," or will they feel, "our obligations under the Covenant and the Pact override any subsidiary and narrower obligations, and we must determine our attitude to any disputants by reference to their observance of the principles of those treaties?" There can be no doubt as to the legal position. The Covenant overrides all other engagements that might



## Where Is Europe Going ?

conflict with its provisions. But will that be the actual position when the case arises, and will each country be so confident beforehand that it will be, that the centre of gravity for its policy will now and henceforth be found in the League and not in alliances ? No clear and decisive answer can be given. But in which direction are forces moving ? There have been periods in the last ten years, in 1925 for example, when one was clearly conscious of the centre shifting to the central and universal system ; the group arrangements began to be visibly weaker and, so to say, "diluted." There have been other periods, and perhaps the present is one, when the movement appears to be in the other direction.

Nothing can be more certain than that if Europe divides again into opposing alliances, and each country trusts to these for its defence, the alliances will harden in time into two great groups, between which the competition will continually be more intense and more dangerous. Each provocative action, or each increase in armaments in one group, being subject to no corrective force, will stimulate a similar movement in the other group, and the end is inevitable. The future of the world depends upon whether the "universal" principle prevails.

This does not, of course, mean that all regional agreements are to be deprecated. Locarno covered only a region, but as it was genuinely intended to settle difficulties between the signatories, and not to combine them against non-signatories, it was a fragment of the universal not an example of the group system. This, indeed, is the criterion of the advantageous as distinct from the dangerous form of combination.

At present the issue is quite uncertain. France has her allies. Italy feels towards Bulgaria, Hungary, Turkey—and possibly Germany. But nothing has yet developed which is too strong for an adequately supported universal system to dominate and control. It is here that the attitude of the British Empire and the United States is so decisive



## Redeeming Features

for the fate of Europe. Will the League and the Pact of Paris together be so supported that the individual countries of Europe will make them rather than alliances the real and effective basis of their policies?

### V. REDEEMING FEATURES

WE have so far dwelt upon the factors in the European situation which account for the prevailing mood of anxiety. It is important, for any balanced view, to give due weight to a number of opposing forces and tendencies. These can be only briefly recited here. Though economic anxieties have certain regrettable political consequences, they also to some extent divert attention from excessive political preoccupations, and they create new associations which very beneficially cut across political groupings. At Warsaw we find among others Poland and Bulgaria, at Bucharest we find Roumania and Hungary concerting policies together on the basis of common agricultural interests and without any regard to political groupings. M. Benes has long wanted an economic grouping which will include both Czechoslovakia and Hungary. As economic problems dominate men's thoughts more and more, and the lines on which any economic combinations would form are entirely different from those of the political groupings, the latter will tend to be weakened.

A second incidental advantage from the economic depression is that it will afford a new stimulus for reduction of armaments. We have seen the more promising attitude of Italy towards disarmament negotiations; and the German situation, in spite of its first effect, may in the end add to the forces making the disarmament negotiations a reality. Then, again, among the elements of the "United States of Europe" proposal, which cannot be discussed in detail in this article, are certainly some strong forces that make for pacification in Europe. Meantime, the



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forces which so recently resulted in Locarno and the Pact of Paris, if temporarily a little obscured by the passing phenomena of this year, still exist and will again find full expression. The reality of the contact which Geneva now establishes between those in responsible control of foreign policy throughout Europe, and the serious anxiety which attended the discussion of recent events, while they have given greater prominence to the dangers, also make it more likely that they will be averted. Every Minister will return impressed with the necessity, amid the irritations and exigencies of his daily business, of improving the international situation. This means partly avoiding provocative action under a momentary pressure ; partly a sustained and deliberate effort to remove sources of friction. But, above all, it means strengthening the preventive machinery against war in order that governments, in the real orientation of their policy, may look to help through the League, and not from alliances, as their real defence against external danger. The greatest of all contributions to this, and the most vital need of the time, would be to revive a confident belief that the existing engagements of League members, including particularly those which concern sanctions, will be faithfully observed. Either Europe will be satisfied that in case of need League members will stand together against an aggressor, or it will organise itself into groups and alliances ; and this second alternative will inevitably lead ultimately to war.



## THE UNITED STATES: THE SLUMP

A YEAR ago things were pretty black in these United States. Stock prices, lifted to fantastic heights in August and September, 1929, rocked backwards and forwards through the first half of October, until on the twenty-third of the month, following a few days of disturbing liquidation, the top stories of the structure fell down. On that one Wednesday the value of shares listed on the New York Exchange broke five billion dollars.

On the next day there was a panic. (Surely we may now call it by its right name, without euphemisms and without fear of indictment for high treason.) Shares were thrown at anyone who would buy them—and in some cases there were no buyers. The flood ran its course until 1.15 p.m., when Richard Whitney, now President of the Stock Exchange, representing a bankers group with \$240,000,000 behind him, stepped into the middle of the mob on the Floor and bid 205 for 25,000 shares of United States Steel, then selling at 194. His gallant audacity turned the tide, and the list swung upwards, closing strong. During the next three weeks, the Exchange was open for three hours a day most of the time, except for two days when it didn't open at all. The banking group liquidated their emergency commitments, other folks liquidated too, until on November 13 came the culminating crash. And for a second time a financial disaster of the first magnitude was averted by a dramatic bid, placed by John D. Rockefeller, for a million shares of Standard Oil of New Jersey at \$50 a share. Well, when the smoke cleared away or the flood



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abated or whatever happened, the statisticians came out on deck with their subtractions. Some of them said that "values" had declined \$35,000,000,000 in the past month, and none of them put it lower than \$27,000,000,000; anyhow these astronomical totals couldn't be apprehended by the average man. Except that the average man did see a little light when he learned that this amount was either three or four times the present capitalized worth of all the sums which Germany is obliged to pay by way of reparations between now and 1962. Here endeth the first lesson.

We Americans are said to be an optimistic people; but what odd forms our optimism takes! We were then told, and half believed, that no real "values" were lost; that the collapse merely involved a shrinkage in paper profits. We were treated with parental solicitude by the Administration, reassuring us, as after a bad dream, that all the factories were still standing, all the tangible wealth of the country was still there. "This is your own little room, son, and this is your bed, and here are your blocks, and your father is sitting beside you." That sort of reassurance now seems puerile. Compare it with the stunning fact that the delicate financial machinery of the United States, spinning inflated credit into inflated equity values and back again, did not crumble at the blow it got, and bring down with it a dozen large banking firms and a dozen principal industrial concerns. As the negro doughboy said in France, "All Ah asks of this heah war is that Ah shall be a survivah!"

After the nightmare "came the dawn," as they say in Hollywood. And with it came the doctor's idea that a little sunshine sprayed on these dry bones would cause them to rise again. In December the President delivered an optimistic message to Congress, and Treasury certificates were offered at the encouragingly low rate of  $3\frac{1}{8}$  per cent. The bones stirred. Heads of the chief industrial companies were called to Washington, plans were made for expansion and expenditure, programs were published. Business



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would be running at a normal rate within sixty days. The bones sat up and began to rattle about with a certain vital excitement. Steel bookings up, railroads placing orders, inventories down, stocks on the bargain counter. Baron Rothschild made money hand over fist through buying French securities in gloom and selling them in glory. Buy 'em quick. STEEL  $185\frac{1}{8}$ ,  $\frac{1}{4}$ ,  $\frac{3}{8}$ ,  $\frac{1}{2}$  . . . 187 going up. CASE THRESHING MACHINE 194. . . . . 211 $\frac{1}{4}$  . . . . . 213 $\frac{1}{2}$ . "Business is good," big bankers said to be investing quietly, ground cleared for a new bull market. America always comes back. Remember Baron Rothschild.

So stocks revived, but the expected Spring revival of business did not materialize. Copper dropped to its lowest level in twenty-five years, steel prices worked downwards. A vast surplus of wheat destroyed the price to the farmer; and one of the worst droughts on record began to destroy a good part of the corn crop. Cotton sold (or could not be sold) at a figure under the price of production. And overshadowing all were depressions abroad, revolutions in South America and the probable harmful effects of the new American tariff, the highest ever enacted. Thus after a June slump, and an August slump, the stock market, early in September, settled into a severe but orderly decline which carried its average price level on October 22 to a point below the panic prices of November 13, 1929.

In some magazine or other, two or three weeks ago, appeared the story of a miserable man who suddenly found himself behind the bars. His lawyer came to see him. "My dear fellow," he said, "this can't be! You can't be in jail on any such charge as that." "But I *am* in jail," the miserable man replied. Here endeth the second lesson.



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### II.

ALL this must sound rather surprising to the gentle reader—the suggestion that any considerable number of Americans really care about the ups and downs of an institution located in one small building on the corner of Broad and Wall Streets, New York City. And, further, even if it were true, could any half-intelligent commentator so lose his sense of proportion as to write an article about it? Tiresome as the prospect may be, the gentle reader will have to hear more in this strain—for the trend of the Stock Market is the chief preoccupation of hundreds of thousands of people, and a major concern of the Federal Government itself. Those who have lost money hope to get it back in a rising market. Those who have “carried” their shares from top prices down to the bottom, hope for an improvement. Banks which to-day are lending some \$225,000,000 *more* on pledged securities than they loaned last November, banks which stepped into the breach to relieve the brokers, would like to see prices advance until their clients could liquidate their loans without too great a loss. And the Government’s interest, Mr. Hoover’s interest, is this: that a high standard of living has been established in the United States within the past few years. It ought to be possible to maintain that standard; it must be done! Yet factories cannot run without orders, and orders will not be placed until demand appears, and the demand will not make itself felt until confidence is restored in the continuing prosperity of the country. The pump of industry is dry; a rising market, indicating confidence, would be the best and quickest priming to the pump. Given that leverage, promptly, the unemployment situation would at once improve, wages would not have to be cut, strikes could be averted and the standard of living would not suffer more than a temporary debasement. If this reason-



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ing is sound, then the rest of the world as well has a vital interest in the course of the New York Exchange. For to an increasing degree corresponding prices in London, Paris and Berlin wait upon indications from New York; and if confidence could be engendered here by a rising market, and that rise were followed in the capitals of England and the Continent, then demand and production would increase abroad, and better days would come round again.

But it would be a mistake to rely too much on any apparent stabilization of the New York market just now, or indeed on any temporary upward trend. For there are certain elements in the situation which are bound to be felt, and their effect cannot be gauged to-day. The high tariff enacted by Congress last Spring will cause unfavorable repercussions, particularly in trade relations with Canada, the largest consumer of American goods. If the Young plan is to succeed, Germany will be forced to sell her products externally in order to accumulate foreign exchange. She must manufacture well and cheaply to compete successfully with Great Britain and the United States. Having mastered the art, she will emerge as the most effective, if not the most powerful, industrial nation in the world. On the other hand, if the Young plan fails—if the scheme of payments breaks down—there will be another period of dislocation, even though the final solution may prove to be fundamentally better for the creditor countries.

There are other factors which have a bearing not so much upon a betterment in business, since that is bound to come in its appointed time, as upon the degree of prosperity which the United States may be expected to enjoy again. For years past we have had a large share of the world's trade in copper, cotton, and oil; but the African mines, once in operation, can produce and sell copper more cheaply than most of our own; the quality of American cotton, experts say, is showing such a persistent deterioration that



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the present quality of crop can hardly be produced at a profit ; while the world's oil, once chiefly derived from this country and sold at semi-monopolistic prices, has appeared in quantity in other parts of the globe, until to-day more than a third is supplied from sources outside the United States. "The oil business is no longer exclusively an American industry," says the trade journal of the Standard Oil of New Jersey.

Production abroad is no longer just an auxiliary reservoir from which any part of the world's requirements which the United States cannot supply may be drawn. On the contrary, foreign crude is now in active competition with the American product for world markets. The extensive exploration of the last ten years or so has disclosed unsuspected treasures of raw material in many lands. The potential output of these fields—and of others still undiscovered—has scarcely been touched, while the history of producing areas in the United States has been mostly a succession of feverish drilling and rapid draining.

Thus the United States must face the prospect of losing some portion of its foreign market through tariffs, or through competition in the price of manufactured goods and raw materials. If foreign demand diminishes, and if industry nevertheless is to be brought back to the pitch of 1929, then domestic consumption must be accelerated. One factor, of course, in this country's phenomenal economic advance has been the growth of its population. Yet to-day the rate is said to be but one per cent. per annum, and it is predicted that in ten years time that rate will be cut in half. The records of the past decade indicate that by 1950 the population of the United States will be fixed—in the near neighborhood of a hundred and fifty million. So our statisticians are not helpful in providing us with unlimited people to buy unlimited goods.

Laymen may discuss these matters with one another, in and out, to their hearts' content. On the other hand, angels fear to tread, and fools scarcely ever rush in where the gold problem is "under advisement," or where econo-



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mists ponder whether the world is suffering from over-production or under-consumption. But even here the layman suspects in a vague way that decreasing gold production will lower the standard of living, and he knows beyond peradventure that there is a serious lag between consumption and production, nor does either of these conclusions impart much cheer. Lastly, to be done with the story, there are the unemployed. How many, we do not know. The final census report showed 2,508,151 in April, but these figures did not include men and women laid off but not discharged, nor did they make due adjustments for part-time work. Governor Roosevelt of New York State puts the total figure to-day at five million, and in the opinion of John Hunter, Superintendent of the United Charities of Chicago, "We are face to face with the worst winter the United Charities has known since 1866." State and city committees have been appointed to alleviate the situation. The President has named a Federal Committee composed of six cabinet officers and the Governor of the Federal Reserve Board, and has drafted Colonel Arthur Woods from the Rockefeller Foundation as chairman in charge of "a race against misery." Bankers in New York City have pledged funds to provide work for 3,000 men through the winter, and Congress will be called upon for an appropriation. Those who ought to know believe that a crisis will be reached in late January and early February when the normal seasonal decline in industrial work is superimposed upon a general depression : but no one can foretell how serious it will be nor the extent to which it will be aggravated by crime and violence.

There, is the pessimistic picture in all its drab colors. Your commentator has no illusions about it. Certainly it does not represent the whole truth : furthermore, it is darkened by resentment against the pink promises and rosy reassurances of the Spring and Summer that were thrown out to hide unpleasant realities. Moreover, there



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are factors working for improvement : the banking system, until now, has successfully withstood an unprecedented strain, inventories of raw materials and finished goods are low and must be replenished, savings bank deposits are on the increase, the fall in commodity prices has apparently been halted, and the aggregate of dividend disbursements, so far in 1930, compares favorably with the total paid in 1929. Lastly, and by no means least, our illusions of yesteryear, like our markets, are deflated. Most of the wind is out of our brains ; we are back at work, sober and self-confident.

\* \* \* \* \*

Perhaps the grounds for true optimism lie deeper still.

The present moment is one of great distress. But how small will that distress appear when we think over the history of the last forty years : a war, compared with which, all other wars sink into insignificance ; a taxation, such as the most heavily taxed people of former times could not have conceived ; a debt larger than all the public debts that ever existed in the world added together ; the food of the people studiously rendered dear ; the currency impudently debased and improvidently restored. Yet is the country poorer than it was forty years ago ? We fully believe that, in spite of all the misgovernment of her rulers, she has been almost constantly becoming richer and richer. Now and then there has been a stoppage, now and then a short retrogression ; but as to the general contingency there can be no doubt. A single breaker may recede, but the tide is evidently coming in.

This is not the Chairman of the Sun Life Assurance Company of Canada speaking, but his distinguished progenitor, writing in the *Edinburgh Review* of January, 1830. The elder Macaulay continues :—

If we were to prophesy that in the year 1930 a population of fifty millions, better fed, clad, and lodged than the English of our time, will cover these islands—that Sussex or Huntingdonshire will be wealthier than the wealthiest parts of the West Riding of Yorkshire now are—that cultivation rich as that of a flower-garden will be carried up to the very tops of Ben Nevis and Helvellyn—that machines



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constructed on principles yet undiscovered will be in every house—that there will be no highways but railroads, no travelling but by steam—that our debt, vast as it seems to us, will appear to our great-grandchildren a trifling encumbrance, which might easily be paid off in a year or two—many people would think us insane. We prophesy nothing . . . . We cannot absolutely prove that those are in error who tell us that society has reached the turning point—that we have seen our best days. But so said all who came before us—with just as much apparent reason.

Surely, in the winter of our discontent, we may legitimately warm our hands before such fires as these.

### III.

**B**ECAUSE of our preoccupation with business affairs, November fourth will come and go without causing much excitement. On that day Senators will be elected to represent one-third of the States, all of the seats in the lower house of Congress will be contested, and a majority of States will choose their governors. Yet there is comparatively little interest in the outcome.

As things now stand, the Republicans are nominally in control of the Senate ; but a roving band of Westerners, Republican in name, vote much as they choose, and really hold the balance of power. In the House of Representatives, Mr. Hoover has a majority of 103, and from this body he has so far received good support. But industrial depressions always work to the disadvantage of the party in power, and the swelling opposition to the Volstead Act will be a source of strength to the Democratic candidates. What the result at the polls will be no one, of course, can foretell : but a singularly candid prediction was recently made by Nicholas Longworth, Republican Speaker of the House :—

Many dry Republicans may go down to defeat in the November election, but I cannot see the Democrats running the House. However, the Republican majority will be reduced, and this may give the



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Democrats and independents an opportunity to tie up legislation through a combination similar to that in the Senate.

It is embarrassing, at any time, for a party to have responsibility without power. In the trying circumstance in which the United States finds itself to-day such an anomaly in government might work great hardship on the people. So we find many Democrats who cherish the hope of electing their Owen Young in 1932, who, nevertheless, do not desire control of the House of Representatives during the next two years. But the true party man—the *fiat justitia* fellow—will cast his vote for the Democratic candidate, recalling that since 1866 his party has never but once managed to win the Presidency without first winning control of the House two years before in these intermediate elections. And if he wants to put it the other way round, he can work himself up to quite a frenzy of hope : for each time his party has won in the “ off-year ” they have followed that victory with a President of their own.

We shall wait until November fourth and see what we shall see. Meanwhile, what did the market do to-day?

New York.

October 31, 1930.







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